

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
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 600 would change the percentage rate of the inheritance tax.

Section 77-2005 is amended to reduce the rate for remote relatives (uncle, aunt, niece, nephew, etc.) from thirteen percent to nine percent. The exemption amount remains at \$15,000.

Section 77-2006 is amended to reduce the rate for nonrelatives from eighteen percent to thirteen percent. The exemption amount remains at \$10,000.

Section 77-2040 is amended to provide that the above changes apply to decedents dying on or after January 1, 2014.

The bill has no impact to the General Fund.

The Department of Revenue indicates no cost to implement the provisions of LB 600.

IMPACT TO POLITICAL SUBDIVISIONS:

The Nebraska Association of County Officials (NACO) indicates that while a specific amount cannot be determined at this time, it is certain that overall inheritance tax revenue collected by the counties would decrease.

NACO estimates that reducing the percentage for near relatives will reduce inheritance tax received from this tier by 31 percent. They also estimate that reducing the percentage for nonrelatives will reduce the inheritance tax received from this tier by 28 percent.

According to a NACO survey of county clerks, \$56,428,094 was received in inheritance tax revenue by counties statewide during FY2011-12.

We have no basis to disagree with the NACO regarding the fiscal impact of LB 600.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 600	AM:	AGENCY/POLT. SUB: Dept. of Revenue	
REVIEWED BY: Lyn Heaton		DATE: 2/22/2013	PHONE: 402.471.4181
COMMENTS: Concur. No fiscal impact to the State of Nebraska or to the Dept. of Revenue specifically.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 600	AM:	AGENCY/POLT. SUB: Nebraska Assoc. of County Officials (NACO)	
REVIEWED BY: Lyn Heaton		DATE: 2/1/2013	PHONE: 402.471.4181
COMMENTS: NACO does not provide an estimated dollar impact. However, figures cited by NACO during the 2012 session of the Legislature put the average annual inheritance tax revenues for counties at about \$42 million. Using this estimate of the total and an average rate reduction of 29% results in a reduction of county inheritance tax revenues of about \$12 million annually.			

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFA: 1/31/13

Approved by: Douglas Ewald

Date Prepared: 2/1/13

Phone: 471-5896

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>		<u>FY 2015-2016</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds		\$0		\$0		\$0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$0		\$0		\$0

LB 600 would lower the rate of the inheritance tax for amounts inherited by remote relatives (Neb. Rev. Stat. § 77-2005) from 13% to 9% and for nonrelatives (Neb. Rev. Stat. § 77-2006) from 18% to 13%. The exemption amounts would not be changed. The bill would be operative for decedents dying on or after January 1, 2014.

It is estimated that this bill will have no impact on the General Fund.

It is estimated that there will be no costs to the Department to implement this bill.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>13-14</u>	<u>14-15</u>	<u>15-16</u>	<u>13-14</u>	<u>14-15</u>	<u>15-16</u>
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
	Benefits.....						
	Operating Costs.....						
	Travel.....						
	Capital Outlay.....						
	Aid.....						
	Capital Improvements.....						
	Total.....						

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

2013

LB⁽¹⁾ 600 FISCAL NOTE

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

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/31/2013 Phone: ⁽⁵⁾ 402.434.5660, ext. 225

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

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

Under LB 600 within section 77-2005, the percentage rate to be paid for inheritance taxes would be reduced from 13 percent to 9 percent for relatives, such as uncles, aunts, nieces, nephews or the spouse or surviving spouse of such person who inherit from an estate when that estate exceeds \$15,000. Income to counties will be reduced by 31 percent pursuant to this change. The percentage rate would also be reduced in section 77-2006 from 18 percent to 13 percent for all other persons not identified in statute that inherit from an estate in excess of \$10,000. Income for this tier of beneficiaries would be reduced by 28 percent.

Until a detailed analysis of how many inheritance tax filings for either of these two tiers can be done, a specific dollar amount cannot be determined; however, it is certain that inheritance taxes collected by counties would decrease.

The changes of LB 600 would be in effect January 1, 2014.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____