

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2024-25</b>		<b>FY 2025-26</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$3,981,891		\$3,979,098	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$3,981,891</b>		<b>\$3,979,098</b>	

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

LB 1067 is the State Prisoner Reimbursement Act.

Section 2 defines terms.

Section 3 outlines the reimbursement process for counties maintaining state prisoners, effective July 1, 2024. The state is to reimburse counties \$35 per day for each state prisoner until transfer, probation, or release, with funds prorated if state appropriations are insufficient. Reimbursements are to be made quarterly, with a cap of \$3.9 million annually starting fiscal year 2024-25. Claims must be filed within 45 days after each quarter's end, and reimbursement is denied for unqualified detention facilities or if a conviction is reversed and the case dismissed.

Section 4 details the process for counties to receive state reimbursement for boarding state prisoners, including the provision of necessary amenities for their comfort. County boards and sheriffs are required to report regularly to the Director of Correctional Services on the state prisoners in custody, with claims verified and submitted for payment to the county's general fund. Additionally, the Department of Correctional Services may audit county records related to claims every two years or as needed, with records to be retained for two years post-submission.

Section 5 grants the Department of Correctional Services the authority to create and implement rules and regulations necessary for the execution of the State Prisoner Reimbursement Act.

Section 8 amends Section 77-2004 regarding inheritance tax rates based on the relationship to the decedent and the timing of the decedent's death. It specifies tax rates for different beneficiaries (e.g., direct relatives, adopted children, spouses) decreasing over time:

- For decedents dying before January 1, 2023, a tax rate of 1% applies to values over \$40,000.
- This rate remains for deaths up to January 1, 2025, but the exemption amount increases to \$100,000.
- The rate then decreases incrementally each year, reaching 0.75% in 2025, 0.5% in 2026, 0.25% in 2027, until it becomes 0% for decedents dying on or after January 1, 2028.
- Certain property interests and allowances (e.g., homestead, exempt property, family maintenance) are not subject to tax.
- Interests passing to surviving spouses or to those under 22 years of age are also exempt from tax.

Section 9 amends Section 77-2005, adjusts inheritance tax rates for uncles, aunts, nieces, nephews, and their spouses or surviving spouses, as well as other lineal descendants:

- For decedents dying before January 1, 2023, the tax rate is set at 13% of the clear market value of property received by each beneficiary above \$15,000.
- This rate decreases gradually for deaths occurring on or after January 1, 2023, and before January 1, 2024, to 11% for property above \$40,000.
- Further reductions are made annually, with the rate dropping to 5% in 2024, 4% in 2025, 3% in 2026, and 2% in 2027 for property above \$40,000.
- By January 1, 2028, the tax rate for this group will be reduced to 0%.
- The section also clarifies that if the clear market value of the beneficial interest is less than or equal to the applicable exempt amount, it shall not be subject to tax. Additionally, any interest passing to a person under twenty-two years of age is not subject to tax.

Section 10 amends Section 77-2006, adjusting inheritance tax rates for beneficiaries not covered in previous sections. Here's a summary of the changes:

- For decedents dying before January 1, 2023, the tax rate is 18% for beneficial interests exceeding \$10,000.
- The rate decreases to 15% for those dying on or after January 1, 2023, and before January 1, 2024, for interests above \$25,000.
- Further reductions occur annually, with rates dropping to 5% in 2024, 4% in 2025, 3% in 2026, and 2% in 2027 for interests above \$25,000.
- By January 1, 2028, the tax rate for this category of beneficiaries will be 0%.
- The section also specifies that beneficial interests valued at or below the exempt amount for their respective tax brackets are not subject to tax, and interests passed to individuals under twenty-two years of age are exempt from taxation.

Section 11 indicates that if there are any changes or amendments to reported inheritance taxes for decedents dying before January 1, 2028, the petitioner must submit an amended report to the county treasurer of each county affected by the changes. Inheritance taxes cannot be paid or refunded until the required report or amended report has been submitted. In cases of noncompliance by the petitioner, the county treasurer or county attorney may complete the form on behalf of the petitioner.

Starting July 1, 2024, these reports must be submitted on a form provided by the Department of Revenue and include detailed information on the inheritance tax paid under sections 77-2004, 77-2005, and 77-2006, including the amount of tax paid and the number of persons receiving taxable property under these sections. Additionally, the reports must specify the number of non-resident recipients of such property.

Section 12 specifies that if inheritance taxes were overpaid before the enactment of this bill for decedents passing on or after January 1, 2024, due to changes made in sections 77-2004, 77-2005, and 77-2006, the county treasurer is required to refund the excess amount. This process is contingent upon a court's finding and order directed to the county treasurer. Executors, administrators, trustees, or individuals who paid the tax must apply for a refund within two years from the payment date. The county court will examine all relevant evidence to decide on the refund eligibility and inform the county treasurer of its decision.

Section 13 provides the county's governing body with discretionary power to reallocate funds from either the County Visitors Promotion Fund or the County Visitors Improvement Fund to other county purposes if deemed necessary.

Section 15 is a provision that allows for a local governing body to challenge a decision that denies reimbursement for housing state prisoners based on the Jail Standards Board's petition to close the facility.

#### Expenditures:

The Nebraska Department of Correctional Services (NDCS) will oversee the appropriation and issue reimbursements as required from LB 1067. For the fiscal year 2024-25 and each subsequent fiscal year, the total annual appropriation will be capped at \$3,910,000. This aligns with the appropriation made in 2009 for the jail reimbursement program, which the agency states were fully utilized by the middle of the second quarter.

NDCS expects that additional resources will be necessary to efficiently manage the county jail reimbursement program. These resources will support activities such as training county officials on proper claim filing, reviewing and verifying claims, calculating reimbursements, monitoring available funds, and conducting audits of records and reports at least biennially. The estimated cost for a full-time Accountant II position is \$71,891, including \$49,548 for personal services (PSL), \$17,354 for benefits, and \$4,989 for other services and equipment.

The Department of Revenue would have minimal cost to implement LB 1067.

#### Revenues:

The Nebraska Association of County Officials (NACO) indicates that reducing and ultimately eliminating the percentages of inheritance tax rates to beneficiaries would lead to a significant reduction in revenue for counties. An estimated fiscal shortfall of \$121 million less the total annual appropriations approved by the Legislature for the Department of Correctional Services for county jail reimbursement assistance that is not to exceed \$3,910,000, which is the amount received pursuant to the Prisoner Reimbursement Act for FY 24-25 and each fiscal year thereafter.

Such a reduction in revenue could lead counties to consider raising property taxes, failing to meet state and federal unfunded mandates, cutting necessary programs and services, or implementing a combination of these measures to address the financial gap.

Currently, there is no basis to disagree with the estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1067	AM:	AGENCY/POLT. SUB: Lancaster County Treasurer	
REVIEWED BY: Jacob Leaver	DATE: 1/12/2024	PHONE: (402) 471-4173	
COMMENTS: No basis to dispute the Lancaster County Treasurer's estimate of no fiscal impact as a result of LB 1067.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1067	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Jacob Leaver	DATE: 2/6/2024	PHONE: (402) 471-4173	
COMMENTS: Concur with the Department of Revenue's estimate of minimal fiscal impact to the agency as a result of LB 1067.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1067	AM:	AGENCY/POLT. SUB: Lancaster County Department of Corrections	
REVIEWED BY: Jacob Leaver	DATE: 1/10/2024	PHONE: (402) 471-4173	
COMMENTS: Concur with the Lancaster County Department of Corrections' estimated fiscal impact as a result of LB 1067.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1067	AM:	AGENCY/POLT. SUB: Department of Correctional Services	
REVIEWED BY: Jacob Leaver	DATE: 1/30/2024	PHONE: (402) 471-4173	
COMMENTS: Concur with the Department of Correctional Services' estimated fiscal impact to the agency as a result of LB 1067.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1067	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials	
REVIEWED BY: Jacob Leaver	DATE: 1/17/2024	PHONE: (402) 471-4173	
COMMENTS: The Nebraska Association of County Officials' estimated fiscal impact as a result of LB 1067 appears reasonable. The increase each year on inheritance tax collected going forward may be overstated.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1067	AM:	AGENCY/POLT. SUB: Lancaster County	
REVIEWED BY: Jacob Leaver	DATE: 1/17/2024	PHONE: (402) 471-4173	
COMMENTS: Lancaster County's estimated fiscal impact as a result of LB 1067 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1067 Revised	AM:	AGENCY/POLT. SUB: Sarpy County	
REVIEWED BY: Jacob Leaver	DATE: 1/19/2024	PHONE: (402) 471-4173	
COMMENTS: Sarpy County's estimate fiscal impact as a result of LB 1067 appears reasonable for inheritance tax. The county may see increased revenue from the State Prisoner Reimbursement.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1067	AM:	AGENCY/POLT. SUB: Lincoln County	
REVIEWED BY:	Jacob Leaver	DATE: 2/6/2024	PHONE: (402) 471-4173
COMMENTS: No basis to dispute Lincoln County's estimate of reduced revenue as a result of LB 1067.			

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

**2024**

**LB<sup>(1)</sup> 1067**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Correctional Services

Prepared by: <sup>(3)</sup> Lisa Stanton Date Prepared: <sup>(4)</sup> 01/16/2024 Phone: <sup>(5)</sup> (402)479-5702

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

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$3,981,891</u>	<u>                    </u>	<u>\$3,979,098</u>	<u>                    </u>
CASH FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
FEDERAL FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
OTHER FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL FUNDS</b>	<u><b>\$3,981,891</b></u>	<u>                    </u>	<u><b>\$3,979,098</b></u>	<u>                    </u>

**Explanation of Estimate:**

LB 1067 adopts the State Prisoner Reimbursement Act. The Act provides reimbursement to counties of \$35 per day that a state prisoner was held in a criminal detention facility until the day the state prisoner is either transferred to a Nebraska Department of Correctional Services facility, placed on probation, or released from custody at the request of the department. If state appropriations are not sufficient to satisfy all eligible county jail reimbursement claims filed in a quarterly period, then the state shall prorate each county's reimbursement for that quarter in proportion to remaining appropriation. In addition, if a conviction on which reimbursement has been made is reversed and the case is dismissed, the amount of reimbursement made will be refunded to the state. The NDCS will manage the appropriation and make reimbursements as prescribed.

For fiscal year 2024-25 and each fiscal year thereafter, the total annual appropriation shall not exceed \$3,910,000. The same amount was appropriated in 2009 when the jail reimbursement program was in place and was completely used up by sometime in the middle of the second quarter.

NDCS anticipates that additional resources would be needed to manage the county jail reimbursement program. This would include training with the counties on proper claim completion, review and verification of claims, calculation of reimbursement, monitoring the balance available, and audits of records and reports as deemed necessary but at least once every two years. The cost for 1.0 FTE Accountant II is estimated at \$71,891. This amount includes \$49,548 PSL, \$17,354 benefits, and \$4,989 for other services and equipment.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Accountant II	<u>1.0</u>	<u>                    </u>	<u>\$49,548</u>	<u>\$49,548</u>
Benefits.....			<u>\$17,354</u>	<u>\$17,354</u>
Operating.....			<u>\$4,989</u>	<u>\$2,196</u>
Travel.....			<u>                    </u>	<u>                    </u>
Capital outlay.....			<u>                    </u>	<u>                    </u>
Aid.....			<u>\$3,910,000</u>	<u>\$3,910,000</u>
Capital improvements.....			<u>                    </u>	<u>                    </u>
<b>TOTAL.....</b>			<u><b>\$3,981,891</b></u>	<u><b>\$3,979,098</b></u>

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

**2024**

**LB<sup>(1)</sup> 1067**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Lancaster County (Budget & Fiscal)

Prepared by: <sup>(3)</sup> Dennis Meyer Date Prepared: <sup>(4)</sup> 1-16-24 Phone: <sup>(5)</sup> 402-441-6869

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

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	<u>(1,175,000)</u>	_____	<u>(4,700,000)</u>
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

**Explanation of Estimate:**

Lancaster County has received on average \$9.4 million per year over the last three fiscal years. The percentages by class as well as each year will decrease by 25%. There is no easy way to estimate the loss each year because the number fluctuates. Each year the amount will reduce more and put more pressure on the property tax. \$9.4 million is a little over 2 cents in property taxes.

State Prisoner Reimbursement will not automatically help offset the loss in inheritance tax because the reimbursement will be part of the lid on restricted funds calculation.

Lancaster County receives approximately \$4 million in Visitors Promotion and Visitors Improvements funds each fiscal year. Lancaster County has contracts in place that are funded with the amounts received. As of this date, Lancaster County would have a limited amount that is not being spent the way the funds should be.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

**2024**

**LB<sup>(1)</sup> 1067**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Lancaster County Department of Corrections

Prepared by: <sup>(3)</sup> Brad Johnson Date Prepared: <sup>(4)</sup> 01/09/2024 Phone: <sup>(5)</sup> 402-441-1902

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

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	\$769,685	_____	\$1,539,370
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>\$769,685</b>	<b>=====</b>	<b>\$1,539,370</b>

**Explanation of Estimate:**

The following bed days would have been reimbursable based on the number of individuals sentenced to the Nebraska Department of Corrections or probation. For the purposes of this fiscal note, I averaged the 5 year periods. The average is 43,982 bed days per year. At \$35 per day, our department would expect a reimbursement of approximately \$1,539,370 on average.

Year	Bed days
2017	56,982
2018	44,733
2019	35,811
2020	37,758
2021	44,619

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	_____

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

**2024**

**LB<sup>(1)</sup> 1067**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Rachel Garver Date Prepared: <sup>(4)</sup> Jan 11, 2024 Phone: <sup>(5)</sup> 402-441-7425

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

	<u>FY 2024-25</u>		<u>FY 2025-26</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:

No Fiscal Impact for the County Treasurer’s Office.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

**2024**

**LB<sup>(1)</sup> 1067**

**FISCAL NOTE**

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

Nebraska Association of County Officials (NACO)

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

Date Prepared: 1/10/2024  
<sup>(4)</sup>

Phone: 402.434.5660  
<sup>(5)</sup>

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

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>	_____	_____	_____	_____
	_____	_____	_____	_____
<b>CASH FUNDS</b>	_____	_____	_____	_____
<b>FEDERAL FUNDS</b>	_____	_____	_____	_____
<b>OTHER FUNDS</b>	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	=====	=====	=====	=====

**Explanation of Estimate:**

LB 1067 would establish the State Prisoner Reimbursement Act where the State would reimburse counties beginning July 1, 2024, after sentencing if a prisoner is a state prisoner where a prisoner was or is maintained in a criminal detention facility at the rate of thirty-five dollars per day for each day the state prisoner was maintained in the criminal detention facility until the day the state prisoner is transferred to a Department of Correctional Services facility, placed on probation for such offense, or released from custody at the request of the department. The rate of thirty-five dollars was established through LB 695 in 1998 for a similar jail reimbursement program that was eliminated by the Legislature.

County jails reported that, on average, the daily rate for housing state inmates is \$81. According to data from the Department of Correctional Services, six county jails are primarily responsible for housing state inmates: Buffalo, Dawson, Lincoln, Phelps, Platte, and Scotts Bluff. The lowest rate was \$75 while the highest rate was \$85.

Further, LB 1067 would significantly and gradually decrease the revenue to counties by decreasing the percentage payable for county inheritance taxes and ultimately repeal the county inheritance tax in its entirety by 1/1/2028. Class 1 beneficiaries include: father, mother, grandfather, grandmother, brother, sister, son, daughter, child or children legally adopted as such in conformity with the laws of the state where adopted, any person to whom the deceased for not less than ten years prior to death stood in the acknowledged relation of a parent, or the spouse or surviving spouse of any such persons. Class 2 beneficiaries include: an uncle, aunt, niece, or nephew related to the deceased by blood or legal adoption, or other lineal descendant of the same, or the spouse or surviving spouse of any of such persons. Class 3 beneficiaries include: all others.

Proposed changes to the inheritance tax rates would be:

Class	Exemption/Tax Rate 2023	Exemption/Tax Rate 2024*	Exemption/Tax Rate 2025*	Exemption/Tax Rate 2026*	Exemption/Tax Rate 2027*	Exemption/Tax Rate 2028*
1	\$100,000/1%	\$100,000/1%	\$100,000/.75%	\$100,000/.5%	\$100,000/.25%	0%
2	\$40,000/11%	\$40,000/5%*	\$40,000/4%	\$40,000/3%	\$40,000/2%	0%
3	\$25,000/15%	\$25,000/5%	\$25,000/4%	\$25,000/3%	\$25,000/2%	0%

\*Proposed by LB1067

From FY2018/19 to FY2022/23, Nebraska counties received a total annual average of \$78,935,799 from inheritance taxes. This does not include interest or penalties. In FY2022/23, Nebraska counties received a total of \$98,965,338. On average, the amount of inheritance tax collected increased 10% each year, meaning that in

FY204/25, the expected inheritance tax revenue is \$119,748,059, while the expected inheritance tax in FY204/25 is \$131,722,865. This assumes the inheritance tax revenue will increase by 10% each year.

There are differences among counties with different population sizes.

Counties with a population greater than 50,000 people received a total annual average of \$31,753,013 from inheritance taxes. This does not include interest or penalties. In FY2022/23, these counties received a total of \$44,998,380. On average, the amount of inheritance tax collected increased 20% each year, meaning that in FY204/25, the expected inheritance tax revenue is \$64,797,667, while the expected inheritance tax in FY205/26 is \$77,757,200. This assumes the inheritance tax revenue will increase by 20% each year.

Counties with a population between 5,000 and 50,000 people received a total annual average of \$39,441,520 from inheritance taxes. This does not include interest or penalties. In FY2022/23, these counties received a total of \$45,486,967. On average, the amount of inheritance tax collected increased 5% each year, meaning that in FY204/25, the expected inheritance tax revenue is \$50,149,381, while the expected inheritance tax in FY205/26 is \$52,656,850. This assumes the inheritance tax revenue will increase by 5% each year.

Counties with a population with less than 5,000 people received a total annual average of \$7,741,266 from inheritance taxes. This does not include interest or penalties. In FY2022/23, these counties received a total of \$8,479,992. On average, the amount of inheritance tax collected increased 5% each year, meaning that in FY204/25, the expected inheritance tax revenue is \$9,349,191, while the expected inheritance tax in FY205/26 is \$9,816,651. This assumes the inheritance tax revenue will increase by 5% each year.

Based on the analysis above, there would be a drastic shortfall in revenue to counties from the loss of inheritance taxes if percentages of tax rates to beneficiaries were reduced and ultimately eliminated. An overall estimated fiscal decrease of \$121 million dollars to counties less the total annual appropriations approved by the Legislature for the Department of Correctional Services for county jail reimbursement assistance that is not to exceed three million nine hundred ten thousand dollars the amount received pursuant to the Prisoner Reimbursement Act for FY 24-25 and each fiscal year thereafter. Such reduction would result in the necessity to raise property taxes; fail to provide State and Federal unfunded mandates; reduce providing necessary programs and services; or a combination of some or all of these matters.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				



- On or after 01/01/2027 and before 01/01/2028: 2% of the clear market value of the property received by each person in excess of \$40,000.
- On or after 01/01/2028: 0%

The bill amends § 77-2006 (other transfers) to phase out the inheritance tax as follows:

For decedents dying

- On or after 01/01/2023 and before 01/01/2024: 15% of the clear market value of the beneficial interests by each person in excess of \$25,000.00
- On or after 01/01/2024 and before 01/01/2025: 5% of the clear market value of the beneficial interests received by each person in excess of \$25,000.
- On or after 01/01/2025 and before 01/01/2026: 4% of the clear market value of the beneficial interests received by each person in excess of \$25,000.
- On or after 01/01/2026 and before 01/01/2027: 3% of the clear market value of the beneficial interests received by each person in excess of \$25,000.
- On or after 01/01/2027 and before 01/01/2028: 2% of the clear market value of the beneficial interests received by each person in excess of \$25,000.
- On or after 01/01/2028: 0%

Currently, the total amount of inheritance tax that will be paid to all counties is estimated to be \$95 million for fiscal year 2023-24. Under LB 1067, the amount will be reduced each year until it is completely phased out beginning January 1, 2028.

Under the State Prisoner Reimbursement Act, beginning July 1, 2024 any county where a state prisoner was or is maintained in a criminal detention facility will be reimbursed \$35 per day by the state, on a quarterly basis, for each day the state prisoner was maintained in a criminal detention center. The Department of Corrections is responsible for payment of the reimbursement and must pay the claims as soon as practicable after the end of each quarterly filing period. Beginning fiscal year 2024-25 the annual appropriation for the program is \$3,910,000. The payments will be prorated if state appropriations are not sufficient to satisfy all eligible claims filed during the quarterly fiscal period. Any claim paid on a prorated basis can't be refiled.

It is estimated that there will be minimal costs to the Department of Revenue to implement this bill.

This bill contains an emergency clause and becomes law upon enactment.

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

2024

LB<sup>(1)</sup> 1067

REVISED

FISCAL NOTE

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

**Sarpy County**

Prepared by: <sup>(3)</sup> William E. Conley Date Prepared: <sup>(4)</sup> 1/18/2024 Phone: <sup>(5)</sup> 402-593-5958

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	\$ (1,106,250)	_____	\$ (1,998,750)
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	\$ -	\$ (1,106,250)	\$ -	\$ (1,998,750)

Explanation of Estimate:

Summary of reduced net revenue from proposed LB 1067:

Lower inheritance taxes	\$ (1,106,250)	\$ (1,998,750)
State prisoner reimbursement	\$ -	\$ -
NET	\$ (1,106,250)	\$ (1,998,750)

This fiscal note was modified to remove the possible reimbursement for state prisoners within the Sarpy Correctional Center due to:

1. The estimated number of "state prisoners" is variable and not clearly identifiable.
2. The total reimbursement provided under this legislation is capped at \$3,910,000 state-wide.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		<u>2024-25</u>	<u>2025-26</u>
	<u>2024-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
		Benefits	_____	_____
		Operating	_____	_____
		Travel	_____	_____
		Capital outlay	_____	_____
		Aid	_____	_____
		Capital improvements	_____	_____
		TOTAL	\$ -	\$ -

# Sarpy County

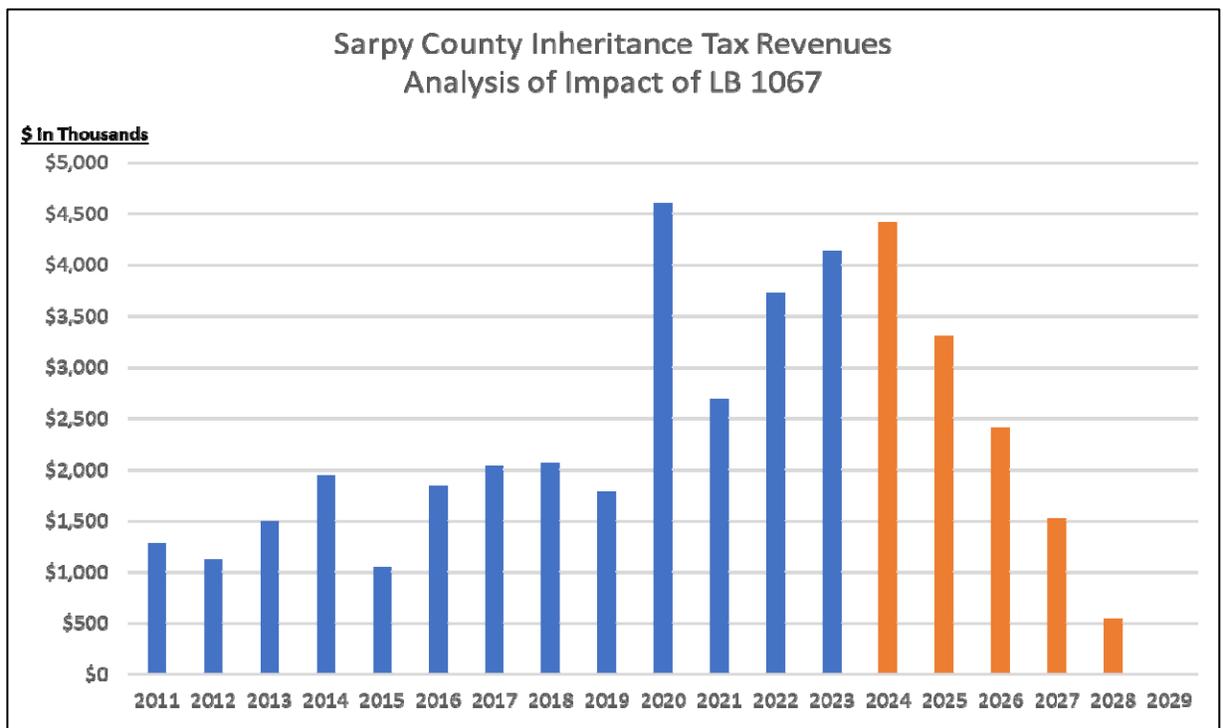
1/9/2024

## Fiscal Note Analysis - LB 1067

<b>TAX RATES:</b>			
	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>
Current	1.00%	11.00%	15.00%
1/1/2024	1.00%	5.00%	5.00%
1/1/2025	0.75%	4.00%	4.00%
1/1/2026	0.50%	3.00%	3.00%
1/1/2027	0.25%	2.00%	2.00%
1/1/2028	0.00%	0.00%	0.00%

<b>ASSUMPTION USED FOR CLASSIFICATION:</b>				
Based on FY 2018 analysis of every inheritance tax paid by classification				
	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	TOTAL
<b>Inheritance \$</b>	<b>\$ 285,000,000</b>	<b>\$ 12,000,000</b>	<b>\$ 6,000,000</b>	<b>\$303,000,000</b>
% of total	94%	4%	2%	

<b>PROJECTED REVENUE WITH PROPOSED INHERITANCE TAX RATES:</b>			
	<u>First 1/2 of FY</u>	<u>Last 1/2 of FY</u>	<u>TOTAL</u>
FY 2024	\$ 2,535,000	\$ 1,875,000	\$ 4,410,000
FY 2025	\$ 1,875,000	\$ 1,428,750	\$ 3,303,750
FY 2026	\$ 1,428,750	\$ 982,500	\$ 2,411,250
FY 2027	\$ 982,500	\$ 536,250	\$ 1,518,750
FY 2028	\$ 536,250	\$ -	\$ 536,250
FY 2029	\$ -	\$ -	\$ -



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

2024

**LB1067** *Eliminate the inheritance tax, adopt the State Prisoner Reimbursement Act, and change the authorized uses of certain county funds (as amended by FA201)*  
**/FA201<sup>(1)</sup>**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: (2) Douglas County

Prepared by: (3) Marcos San Martin, County Administration Date Prepared: (4) 2/6/2024 Phone: (5) 402-444-5116

Lori Pirsch, County Administration 402-444-6881

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

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	<u>PERMANENT REDUCTION/ LOSS</u>	=====	<u>PERMANENT REDUCTION/ LOSS</u>

Explanation of Estimate:

LB1067 will result in a **NEGATIVE (DETRIMENTAL) FISCAL IMPACT** TO DOUGLAS COUNTY

**“PART 1”:** **Inheritance Tax.** Revisions proposed by LB1067 will result in the loss of anticipated inheritance tax revenue to all counties eliminated by 2028.

Douglas County generally collects between \$12 million to \$17 million in inheritance tax revenue annually; as proposed, Douglas County will have a complete loss of this revenue by 2028.

**“PART 2”:** **State Prisoner Reimbursement.** LB1067 proposes post-sentencing and prior to placement at the Department of Corrections, the State shall reimburse counties \$40 per day, per individual.

The Douglas County Department of Corrections (DCDC) estimates, based on calendar year 2023 data, post-sentenced individuals waiting transport to the Nebraska Department of Correctional Services (NDCS) pended 4,428 days at DCDC for his/her transport.

Based on the “\$40”/day formula, Douglas County would receive an estimated \$177,120 in new revenue for calendar year 2023. [\$40 per day \* 4,428 “days” = \$177,120]

**“PART 3”:** **Visitors Improvement Fund / Visitors Promotion Fund.** County Visitors Promotion Fund or the County Visitors Improvement Fund may be used per Board discretion.

2023-2024 Example.

County Visitors Improvement Fund: 2023-2024 proceeds estimate: \$2,000,000

County Visitors Promotion Fund: 2023-2024 proceeds estimate: \$5,000,000 (currently, 50% is provided to ‘Visit

Omaha' (a.k.a. Omaha Convention & Visitors Bureau) each year, via an interlocal agreement. 50% is retained by Douglas County.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<b><u>POSITION TITLE</u></b>	<b><u>NUMBER OF POSITIONS</u></b>		<b><u>2024-25</u></b>	<b><u>2025-26</u></b>
	<b><u>24-25</u></b>	<b><u>25-26</u></b>	<b><u>EXPENDITURES</u></b>	<b><u>EXPENDITURES</u></b>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>				