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PREPARED BY: Phil Hovis
 DATE PREPARED: February 16, 2011
 PHONE: 471-0057

LB 536

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		0		(See below)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		0		(See below)

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

LB536 would adopt the Nebraska Uniform Real Property Transfer on Death Act. Among its provisions, the bill also would amend Sec. 76-902 so as to include transfer on death deeds among those deeds currently exempt from the documentary stamp tax. The current documentary stamp tax rate is \$2.25 per \$1,000 of value. Distribution of the proceeds of the tax is as follows:

- \$1.20 Credited to Affordable Housing Trust Fund (administered by Department of Economic Development)
- .30 Credited to Behavioral Health Services Fund (administered by Department of Health & Human Services)
- .25 Credited to Homeless Shelter Assistance Trust Fund (administered by Department of Health & Human Services)
- .50 Retained by counties as collection fee and credited to respective counties' general fund
- \$2.25 Total documentary stamp tax rate per \$1,000 of value

The Department of Revenue provides estimates of documentary stamp tax revenue impacts as such may result due to the additional exemption that would be granted under provisions of LB536. These estimates are based on an assumption that the proposed exemption of transfer on death deeds would have the same impact as the average impact of the 22 exemptions under current law. The estimates also take into account that LB536 designates January 1, 2012 as its operative date. Additionally, the estimates take into account that federal estate tax is due one year after death and, as such, assume the related revenue impacts will begin to occur in the last quarter of FY 2012-13. Given the foregoing, the Department estimates the following documentary stamp tax revenue impacts associated with LB536:

	Affordable Housing Trust Fund	Behavioral Health Services Fund	Homeless Shelter Trust Fund	State Agency Cash Funds SUBTOTAL	Political Subdivisions (Counties)	TOTAL
2011-12	-0-	-0-	-0-	-0-	-0-	-0-
2012-13	(56,000)	(14,000)	(12,000)	(82,000)	(22,000)	(104,000)
2013-14	(245,000)	(61,000)	(51,000)	(357,000)	(94,000)	(451,000)
2014-15	(267,000)	(67,000)	(56,000)	(390,000)	(102,000)	(492,000)

For Comparison:

	FY2009-10	FY2009-10	FY2009-10	FY2009-10	Tax Year 2009
Documentary Stamp Tax Revenue	7,233,968	1,808,228	1,507,560	10,549,756	2,882,118

Given assumptions applied by the Department with respect to timing and that the new exemption would represent the same impact as the average impact of current exemptions, the Department of Revenue estimates of documentary stamp tax revenue impacts associated with LB536 appear reasonable. However, impacts upon documentary stamp tax revenue would ultimately be dependent upon the incidence and value of real property transfers that may be executed by means of transfer on death deeds as well as the extent to which related real estate transfers may otherwise have been subject to documentary stamp tax collection under current law.

The Department of Health and Human Services indicates that real estate transfers by means of transfer on death deeds, as authorized by LB536, will affect asset detection for purposes of pursuing Medicaid liabilities. The Department indicates that provisions of the bill represent implications for increased workload in terms of asset detection in pursuing Medicaid liabilities as well as prospects for reductions in recovery of Medicaid liabilities, as assets of Medicaid recipients may be undetected under the authorized procedures for transfer of death deeds. The Department indicates, however, that the extent of such potential impacts is indeterminate given the uncertainty with respect to the extent to which transfer on death deeds may be utilized in the future under authority of LB536.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Joe Wilcox	2/9/11	PHONE 471-2526
<p>COMMENTS</p> <p>No basis to dispute Dept. of Revenue analysis.</p> <p>The fiscal note from the Dept. of Economic Development relative to the portion of the DOC Stamp Tax that goes to the Affordable Housing Trust is consistent with estimates from the Dept. of Revenue. No basis to disagree with DED analysis.</p>			

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LEGISLATIVE FISCAL

2011

Revised LB(1) 0536

FISCAL NOTE

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name: (2) Department of Health and Human Services

Prepared by: (3) Willard Bouwens

Date Prepared:(4) February 16, 2011

Phone: (5) 471-8072

	FY 2011-2012		FY 2012-2013	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	\$0	See Below	\$0

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

Explanation of Estimate:

As this is a new process, there is no way to estimate how many Medicaid recipients will avail themselves of this option. It is possible social service staff may need to be added at a later date if enough Medicaid recipients use the transfer on death deed so that appropriate real estate recoveries occur, and there is a potential loss of revenue because assets would escape detection.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2011-2012 EXPENDITURES	2012-2013 EXPENDITURES
	11-12	12-13		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			See Above	See Above

