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TESTIMONY IN SUPPORT OF HIGHER REAL AND PERSONAL PROPERTY VALUES FOR SIMPLE ESTATES:

**Rising home values almost eliminate “simple estates”.**

Here are some approximate numbers of homeowners' estates in the Policy Brackets, based on available data and assumptions. The most significant assumption is that one's home may be the most significant asset in one's estate. The second key assumption is that valuing personal property at 75% of real property (a factor used by insurance actuaries) accurately represents personal property in estates. The analysis uses population data from the Oregon Blue Book, Household and Homeownership data from the Urban Institute, and death data from the Oregon Health Authority, home sales data from WVMLS and RMLS with consideration of additional data from RVRMLS. The median of the real property plus personal property data was so close to the upper limit of the Policy class, the number of cases in the policy range were split between the policy brackets to state the results. All the data was for 2024.

<b>REAL PROPERTY</b>				
Policy Range Real Property	\$0 to \$200,000	\$200,000- \$750,000	\$750,000 +	Total
Estimated 2024 Number of Sales	2,285	37,701	6587	46,573
Percent Estimated Sales	5%	81%	14%	100%
Median Home Sale WVMLS RMLS	\$160,000 \$125,000	\$435,000 \$466,000	\$899,900 \$925,000	
<b>REAL PROPERTY &amp; PERSONAL PROPERTY</b>				
Median Home + Personal Property (75%) WVMLS RMLS	\$280,000 \$218,000	\$761,250 \$815,500	\$1,574,825 \$1,618,750	
<b>ESTIMATED</b>	<b>ESTATES</b>	<b>2024</b>		
Estimated Potential Estates in Policy Brackets	1,142	19,993	25,438	46,573
Estimated Percentage Estates in Policy Brackets	2.5%	42.9%	54.6%	100%
Estates based on Death Rate in Homeowner Group ( 0.26%)	3	52	66	121

**Drafting Comments:** Line 13, "**combined fair market value of real property and manufactured home**"—A de-titled manufactured home with real property is considered "real property" in the marketplace, and should be included in the calculation for "not more than \$750,000 attributable to real property." To distinguish manufactured homes in parks from personal property, use the phrase "not more than \$200,000 is attributable to the fair market value of the manufactured home."

Line 19, **The sole distributee of the decedent's estate is the sole devisee under the decedent's will...** This amendment will narrow the effect of the bill to estates with only a single heir. Will this restriction largely defeat the purpose of the bill?

### **The Policy Issues:**

Can Households who have created estates worth more than \$275,000 be trusted to manage their estates? I would assume so. Others would not. Heirs, executors, or personal representatives who require assistance with testate or intestate matters, as well as the processing and closure of an estate, are likely to seek the services of an attorney.

Should the determination of whether an estate is simple be based on the financial characteristics of the estate or the number of heirs? The financial characteristics seem more objective, the social characteristics more of a perception.

Do these policy price brackets effectively distinguish a simple estate from a non-simple estate?

Whether an estate is simple or not simple, heirs and Personal Representatives will inventory the estate. Whether an estate is simple or not, the liabilities of the estate will have to be settled. Should an estate with a \$500,000 home and a \$495,000 loan be valued at \$500,000 or \$5,000 to determine whether or not it is simple?

The asset-to-liability ratio of an estate may better indicate its simplicity. If an estate has real property, personal property and liquid assets, and no long term or current liabilities, it seems it would be simple. If the estate has real and personal property and liquid assets exceeding its liabilities, it seems the estate may be simple. An estate with liabilities exceeding its assets is unlikely to be simple.

Will the policy brackets lower costs for processing estates, or change the burden on courts for probating estates? In the absence of the restrictive limitations mentioned in the **Drafting Comments** above, it is probable that the category of "simple estates" will be revived within the new policy frameworks. It also depends upon how people manage the assets in their estates, creating non-probate assets or trusts, for example.

Are the numbers discovered above reasonable or reliable? Only some outcome analysis of actual estates will tell. The category of assets described as "non-probate assets" will likely further reduce the probable numbers in the lower policy brackets. Are there other resources that can better inform the likely effect of these policy brackets? Presumably the courts could provide data under the current and new definitions.

Perhaps the only way to determine whether there is a beneficial effect is to try the change and monitor the results. I believe the proposed legislation without limiting amendments noted above is worthy the study.

Either with this legislation or with future legislation, I would encourage considering adding the variable of "liabilities of the estate" to find the formula that best distinguishes simple from not simple estates and serves the citizens and the public interests in estate administration.

In conclusion, I would encourage you to support SB 15 as introduced. I encourage support of SB 15 to adopt the higher real property and personal property values without regard to the number of heirs of the estate.

Respectfully submitted,

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