

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

Its interesting what you discover when you endeavor to study a matter, a-third of which you know a lot about, a-third you know something about, and a-third you know very little about.

I created some numbers representative of the numbers of homeowner's estates in the Policy Brackets based on some data and lots of assumptions. The most significant assumption is that one's home may be the most significant asset in one's estate. The second most significant assumption is that insurance actuaries valuing personal property at 75% of Real Property reasonably 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 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.

REAL PROPERTY				
Policy Range Real Property	\$0 to \$200,000	\$200,000-\$750,000	\$750,000 +	Total
Estimated 2024 Number of Sales	2285	37701	6587	46573
Percent Estimated Sales	5%	81%	14%	100%
Median Home Sale WVMLS RMLS	160000 125000	326250 349500	899900 925000	
REAL PROPERTY	& PERSONAL	PROPERTY		
Median Home + Personal Property (75%) WVMLS RMLS	280000 218000	761250 815500	1574825 1618750	
Estimated Potential Estates in Policy Brackets	1142	19993	25438	46573
Estimated Percentage Estates in Policy Brackets	2.5%	42.9%	54.6%	100%
Estates based on Death Rate in	3	52	66	121

Homeowner Group (0.26%)				

Are the numbers discovered above reasonable or reliable? Only some outcome analysis of real estates will tell.

The category of assets described as “NON-PROBATE ASSETS” is likely to further reduce the probable numbers in the lower policy brackets.

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. If heirs or Executors or Personal Representatives need help with matters testate or intestate, and processing and closing the estate, they will likely seek help from an attorney.

Do these policy price brackets necessarily distinguish a simple estate from not simple?

Whether an estate is simple or not simple, Heirs and PRs will Inventory the estate. Are there differing standards for accountability for simple vs not simple estates?

Whether an estate is simple or not, the liabilities of the estate will have to be settled. If the estate is handling a home worth \$500,000 with a \$495,000, loan, should the estate be valued at \$500,000 or \$5,000 for determining whether or not the estate is simple?

The relationship between assets and liabilities of the estate may be a better indicator of whether or not an estate is “simple”.

If an estate has real property, personal property and liquid assets, and no long term or current liabilities, it seems it should be simple. If the estate has real and personal property and liquid assets exceeding its liabilities, it seems the estate may be simple. If an estate has liabilities in excess of its assets, the estate is not likely to be simple.

Will the policy brackets lower costs for processing estates, or change the burden on courts for probating estates? It depends upon how people manage the assets in their estates, creating non-probate assets or trusts, for example.

The new policy brackets simply adjust monetary values for the definition of a simple estate.

Are there other resources that can better inform the likely effect of these policy brackets? Presumably the courts could provide data under the current 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 amendments 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 vs 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 15-3 as far as it goes, but encourage you to adopt higher real property and personal property values for all heirs.

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