


Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Glen Lee
Chief Financial Officer 

DATE: November 25, 2024

SUBJECT: Fiscal Impact Statement – Strengthening Probate Administration
Amendment Act of 2024

REFERENCE: Bill 25-538, Draft Committee Print as provided to the Office of Revenue
Analysis on November 22, 2024

Conclusion

Funds are not sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the bill. The bill's changes to the homestead deduction and the reduced tax liability for property owners over age 65 or with disabilities will lower real property tax collections by \$1 million in fiscal year 2025 and by \$4.2 million over the fiscal year 2025 through fiscal year 2028 financial plan period.

Background

Probate is the legal process that determines the validity of a decedent's will, enumerating the decedents' assets and having them appraised, settling any debts, and distributing the estate to the heirs. It is primarily an administrative process focused on gathering and managing estate assets and paying creditors. In the District of Columbia, the Superior Court's Probate Division handles all matters related to estates, estate administration, wills, guardianship, conservatorship, and trusts.

The bill creates a fee waiver in certain circumstances. Presently, the DC Courts waive fees for low-income individuals for whom the costs of court document filing is burdensome. Because several fees in the probate and trust administration process are assessed against the estate (and not the filing individual), the Courts cannot waive these fees under its current fee waiver. The bill waives court costs in probate proceedings to cover circumstances where the litigant has qualified for the fee waiver, or after the closure of an estate.

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FIS: “Strengthening Probate Administration Amendment Act of 2024”, B25-538 as provided to the Office of Revenue Analysis on November 22, 2024

The bill updates several dollar thresholds used in probate administration. Many of the dollar figures were set in 2001 and have not been changed since. The bill increases the Homestead and Family allowances, which are the dollar amounts a family can retain prior to distribution, and at the end of probate, respectively, from \$15,000 to \$30,000. The bill updates the Exempt Property allowance (used in determining the Homestead allowance in certain circumstances) from \$10,000 to \$20,000 and makes other changes to that determination. Certain types of estates are counted as “small estates” that are eligible for streamlined probate processes. The bill increases the asset amount that qualifies as a small estate from \$40,000 to \$80,000. The bill increases the amount permitted to be diverted for funeral expenses from \$1,500 to \$15,000. The bill replaces the term “standard probate” with “formal probate” throughout.

The bill makes certain changes to probate filing and notice requirements. It permits individuals to waive notice requirements and allows for the appointment of a personal representative for estates where the decedent died without a will (intestate) based on a written nomination. The bill also allows for the transfer of some small assets by affidavit, rather than requiring a legal order.

Finally, the bill modifies two real property tax incentives in the circumstance when an individual qualifying for real property tax relief dies. Under current law, individuals residing in their home can claim a homestead deduction of up to \$87,050 (in 2024)¹, which reduces the assessed value (and thus the real property taxes due) on their residence. The homestead deduction ends when a qualifying individual no longer lives in the home. In 2024, 101,000 households received the homestead deduction, for a total of \$73 million in tax expenditure. The bill provides that when an individual receiving the homestead deduction dies, the homestead deduction will continue to be in place for the subsequent twelve months after their death.

The bill also modifies the tax credit for seniors and individuals with disabilities residing in their home. This tax credit reduces the real property tax due by 50 percent for individuals over the age of 65, or who are disabled, provided that all residents living in the home have a combined income below a certain threshold (\$154,750 in 2024)². In 2024, 19,148 households qualified for \$38 million in tax credits. The bill extends this tax credit for seniors and individuals with disabilities for twelve months after the qualifying individual dies.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the bill. The changes to the senior and disabled tax credit will reduce real property tax collections by \$802,000 in FY2025 and \$3.3 million over the financial plan period. The changes to the homestead deduction will reduce real property tax collections by \$220,000 in fiscal year 2025 and \$901,000 over the financial plan period. The total revenue loss is \$1 million in FY2025 and \$4.2 million over the financial plan period.

¹ District of Columbia Tax Expenditure Report, 2024. [Income Tax](#) (page 269)

² District of Columbia Tax Expenditure Report, 2024. [Income Tax](#) (page 289)

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FIS: "Strengthening Probate Administration Amendment Act of 2024", B25-538 as provided to the Office of Revenue Analysis on November 22, 2024

Bill 25-538, Strengthening Probate Administration Amendment Act of 2024					
Revenue Impact (\$ in thousands)					
	FY 2025	FY 2026	FY 2027	FY 2028	Total
Senior and disabled tax credit	\$802	\$820	\$844	\$869	\$3,334
Homestead deduction	\$220	\$220	\$227	\$234	\$901
Total, reduction in real property tax collections	\$1,022	\$1,040	\$1,070	\$1,103	\$4,236