

TESTIMONY
OF
THE HONORABLE DEBORAH M. PEARL
PROBATE JUDGE, **DISTRICT OF ESSEX**
TO
JOINT COMMITTEE ON JUDICIARY

PUBLIC HEARING

R.B. 696 AN ACT CONCERNING THE COURTS OF
PROBATE

March 19, 2008

Senator MacDonald, Representative Lawlor and distinguished members of the Judiciary Committee. My name is Judge Deborah M. Pearl and I have been probate judge in the Essex Probate Court for 29 years.

R.B. 696 (RAISED) AN ACT CONCERNING THE COURTS OF PROBATE.

SUPPORT Sec. 1. (b) (4) As regards the estate of deceased persons domiciled in this state I support removing any real property or tangible personal property of a deceased person situated outside of this state from probate billing and **SUPPORT** reducing the value of the real property by the amount of any indebtedness secured by a mortgage or lien on such real property. Although these assets have previously been included as part of the probate court system of billing since 1998 I believe it is not right nor just to bill for property situated outside the State of Connecticut. Also, because mortgages were allowed to be deducted from the gross of the Connecticut Succession Tax I believe it is fair to allow the same provision under the probate billing process.

SUPPORT Sec. 1. (b) (5) As regards the estate of deceased persons not domiciled in this state I support reducing the value of any such real property by the amount of any indebtedness secured by a mortgage or lien on such real property for the same reasons stated above.

Note on the above supports no one has done any study as to the negative financial effects this will have upon the income of the probate system. As a judge from a fairly affluent probate district I can say unequivocally that there will be an immediate downturn in income to our district which can only mean a significant negative downturn in income to other similar Connecticut probate courts. I suggest that something must be done to offset this negative financial effect on the probate system. In order to mitigate the damage to the overall financial health of the system I suggest this committee seriously consider allowing the health insurance costs of the probate system be shifted over the state's general fund or at the very least allowing the probate system into the state's pool which would place us in a larger pool thereby reducing premiums.

OPPOSE Sec. 1 (b) (6) For this year I **oppose not including any** life insurance proceeds as part of the present probate billing system. We must study what negative financial effect removing this item will have on the entire financial health of our probate system. Before the legislature allows further reductions in the probate billing it would be prudent to at least study what the potential ramifications will be. Especially in light of the removal of other assets as outlined in Sec.1 (b) (5) and (6) as noted above. I certainly agree that possibly some life insurance should be excluded from the billing process. For example starting with excluding life insurance proceeds of \$100,000 and below would help lower value estates. Once we get a handle on the financial implications of these changes we can look toward the goal of making the probate billing process more equitable.

OPPOSE Sec 1 (c) (4). The billing charge of .1 percent upon nonsolely-owned real estate is billing on top of an asset that is already being billed as part of the gross taxable estate for estate tax purposes as provided in chapters 217 and 218 of the Connecticut General Statutes. It is not fair to bill an additional .1 percent if probate billing already has included that same asset elsewhere in the statute. HOWEVER this is a result of the repeal of the succession tax. At that time C.G.S. 45a-107a required the probate court administrator to work with the Commissioner of Revenue Services to develop an alternative method of probate billing. The probate court administrator did not comply then nor has he done anything since that time to come up with alternate ways for the probate courts to produce revenue. No information is available nor has any study been undertaken to see what can or should be done about probate court billing. We are all aware of the coming financial crisis in the probate system. The Probate Assembly has tried through its Ad Hoc Finance Committee to develop ideas for solutions. **Please, before the legislature slashes probate fees further, allow the Probate Assembly in cooperation with the Probate Court Administrator to work together to develop a proper financial plan.**

SUPPORT Sec 5 Subsection (g) (1) that health insurance coverage for the probate judge or employees be paid from funds appropriated by the General Assembly. However, knowing the type of budget year the state is experiencing this year, and realizing it may not be possible for the funds to be appropriated I strongly suggest that the probate court system at the very least be

included in the State of Connecticut pool for health insurance coverage thereby giving some relief in premium costs to the probate judges and employees that are participating in the insurance coverage. Because our probate system is in its own small pool our premiums are higher. At a recent Council of Small Town annual Town Meeting it was discussed that municipalities may become involved with the state's general pool for insurance thereby increasing their pool and reducing health insurance costs. It makes sense to become part of a larger pool in order to reduce costs. Probate Judges are elected state officials and should at the very least be allowed to be included in the State of Connecticut pool for health insurance purposes and in addition it reduces the cost of the health insurance paid by the system from the probate administration fund.