

**REVENUE:** May have revenue impact, statement not yet issued

**FISCAL:** May have fiscal impact, statement not yet issued

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<b>Action:</b>	Without Recommendation as to Passage and Be Printed Engrossed and Be Referred to the Committee on Revenue by Prior Reference
<b>Vote:</b>	7 - 0 - 0
<b>Yeas:</b>	Boquist, Clem, Dingfelder, Macpherson, Maurer, Smith P., Roblan
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Beth Patrino, Administrator
<b>Meeting Dates:</b>	4/17

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**WHAT THE MEASURE DOES:** Excludes natural resource property and property used in commercial fishing operations from value of gross estate of decedent for Oregon inheritance tax purposes. Defines “natural resource property.” Limits amount of exclusion to \$7.5 million. Specifies that exclusion applies only if property is transferred to spouse or natural or adopted child, grandchild, niece or nephew or brother or sister of the decedent. Requires Department of Revenue to recompute the maximum excluded value each year by the change in cost of living, if any. Specifies that additional tax be imposed if the property initially excluded from the value of the gross estate is not used as a natural resource property for five out of the eight calendar years following the decedent’s death or is disposed of to someone other than family member eligible for the exclusion.

**ISSUES DISCUSSED:**

- Lack of liquid assets to pay estate tax can lead to sale of income producing assets, including land
- Other similar legislation
- Effects of estate taxes on other family-owned businesses

**EFFECT OF COMMITTEE AMENDMENT:** Modifies the definition of natural resource property. Clarifies that both natural and adopted relative are eligible for the exclusion. Requires Department of Revenue to recompute the maximum excluded value based on changes in the cost of living. Specifies additional taxes if property is not used as natural resources property in five the eight years following decedent’s death or if the property is disposed of to someone other than family members eligible for the exclusion.

**BACKGROUND:** The estate tax is a tax on the right to transfer property at death and generally is measured by the value of the estate passing at the time of the decedent’s death. HB 3479-A excludes natural resource property and property used in commercial fishing operations from value of gross estate of decedent for Oregon inheritance tax purposes. The bill sets an upper limit of \$7.5 million on the value of the exclusion and applies only if the property is transferred to a family member and is used as a natural resources property for five out of eight years following the decedent’s death.