

House Bill 2741

Sponsored by Representatives J SMITH, SHIELDS; Representatives BUCKLEY, CANNON, CLEM, DEMBROW, GARRETT, GREENLICK, HARKER, KAHL, NOLAN, READ, STIEGLER, Senators BONAMICI, WALKER

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Provides for annual adjustment, based on U.S. City Average Consumer Price Index, of threshold for filing inheritance tax return. Establishes Next Generation Fund. Directs inheritance tax revenues to Next Generation Fund. Appropriates moneys to Oregon Student Assistance Commission to fund Oregon Opportunity Grant program and to Department of Education to fund Oregon prekindergarten program.

Applies to estates of decedents dying on or after January 1, 2010, and to revenues received by Department of Revenue on or after January 1, 2010.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to inheritance tax; creating new provisions; amending ORS 118.160, 118.510 and 118.535;
3 appropriating money; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 118.160 is amended to read:

6 118.160. (1) Except as provided in subsection [(2)] (3) of this section:

7 (a) An inheritance tax return is not required with respect to the estates of decedents dying on
8 or after January 1, 1987, and before January 1, 2003, unless a federal estate tax return is required
9 to be filed; and

10 (b) An inheritance tax return is not required with respect to the estates of decedents dying on
11 or after:

12 (A) January 1, 2003, and before January 1, 2004, unless the value of the gross estate is \$700,000
13 or more;

14 (B) January 1, 2004, and before January 1, 2005, unless the value of the gross estate is \$850,000
15 or more;

16 (C) January 1, 2005, and before January 1, 2006, unless the value of the gross estate is \$950,000
17 or more; or

18 (D) January 1, 2006, unless the value of the gross estate is \$1 million or more.

19 (2)(a) **For estates of decedents dying on or after January 1, 2010, the threshold amount**
20 **in subsection (1)(b)(D) of this section shall be annually adjusted. The computation shall be**
21 **as follows:**

22 (A) **Divide the monthly averaged U.S. City Average Consumer Price Index for the 12**
23 **consecutive months ending August 31 of the prior calendar year by the monthly averaged**
24 **index for the first six months of 2009.**

25 (B) **Recompute the dollar amount of the threshold by multiplying \$1 million by the ap-**
26 **propriate indexing factor determined as provided in subparagraph (A) of this paragraph.**
27 **Round off the amount obtained under this paragraph to the nearest \$1.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 **(b) As used in this section, “U.S. City Average Consumer Price Index” means the U.S.**
 2 **City Average Consumer Price Index for All Urban Consumers (All Items) as published by the**
 3 **Bureau of Labor Statistics of the United States Department of Labor.**

4 **(c) The threshold amount established under this subsection shall apply to estates of**
 5 **decedents dying during the calendar year.**

6 [(2)] (3) In every estate, whether or not subject to administration and whether or not a federal
 7 estate tax return is required to be filed, the executor shall at such times and in such manner as
 8 required by rules of the Department of Revenue, file with the department a return in a form pro-
 9 vided by the department setting forth a list and description of all transfers of property, in trust or
 10 otherwise, made by the decedent in the lifetime of the decedent as a division or distribution of the
 11 estate of the decedent made within the three-year period ending on the date of death or intended
 12 to take effect at or after death and any further data that the department requires to determine
 13 inheritance tax under this chapter.

14 **SECTION 2.** ORS 118.510 is amended to read:

15 118.510. The net revenue from the taxes imposed by ORS 118.005 to 118.840 (including temporary
 16 payments under ORS 118.260 and fees, taxes, interest and penalties), after deduction of refunds, shall
 17 be [*credited to the General Fund to be available to meet any expense or obligation of this state lawfully*
 18 *incurred.*] **deposited in the Next Generation Fund established under section 4 of this 2009 Act.**

19 **SECTION 3.** ORS 118.535 is amended to read:

20 118.535. (1) If the Department of Revenue determines that the executor has not made an ap-
 21 praisal that is needed in order to comply with the provisions of ORS 118.005 to 118.840, the de-
 22 partment may cause an appraisal to be made by a fee appraiser to so ensure compliance.

23 (2) The cost of the appraisal including the appraiser’s fee as a witness in the event of an appeal
 24 shall be paid out of the taxes collected under this chapter before the net revenue is [*credited to the*
 25 *General Fund*] **deposited in the Next Generation Fund** as provided in ORS 118.510.

26 **SECTION 4.** **The Next Generation Fund is established separate and distinct from the**
 27 **General Fund. Interest earned by the Next Generation Fund shall be credited to the Next**
 28 **Generation Fund. Moneys in the fund shall be distributed as follows:**

29 (1) **Fifty percent is continuously appropriated to the Oregon Student Assistance Com-**
 30 **mission for the purpose of funding grants through the Oregon Opportunity Grant program**
 31 **under ORS 348.260.**

32 (2) **Fifty percent is continuously appropriated to the Department of Education for the**
 33 **purpose of funding the Oregon prekindergarten program described in ORS 329.170 to 329.200.**

34 **SECTION 5.** **The amendments to ORS 118.160 by section 1 of this 2009 Act apply to estates**
 35 **of decedents dying on or after January 1, 2010.**

36 **SECTION 6.** **Section 4 of this 2009 Act and the amendments to ORS 118.510 and 118.535**
 37 **by sections 2 and 3 of this 2009 Act apply to revenues received by the Department of Revenue**
 38 **on or after January 1, 2010.**

39 **SECTION 7.** **This 2009 Act takes effect on the 91st day after the date on which the reg-**
 40 **ular session of the Seventy-fifth Legislative Assembly adjourns sine die.**