

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
Seventy-Sixth Oregon Legislative  
Assembly, 2011 Regular Session  
Legislative Revenue Office

**Bill Number:** HB 2541 - A25  
**Revenue Area:** Estate Tax  
**Economist:** Mazen Malik  
**Date:** 06/08/2011  
**DRAFT**

**Measure Description:**

Replaces inheritance tax imposed on basis of former federal credit for state death tax with estate tax imposed as percentage of Oregon estate. Establishes a new rates schedule for values above one million. Updates connection to federal Internal Revenue Code. Clarifies provisions relating to elections made for state inheritance tax purposes. Defines terms for natural resource property and business. Replaces tax credit for natural resource property with formula and modifies related provisions.

**Revenue Impact:** indeterminate impacts.

**Impact Explanation:**

The measure includes major rewrites of the Estate Tax statutes by the Oregon Law Commission (OLC). The definitions of relevant terms and the clear connections to the federal tax code introduce flexibility to the tax system. Furthermore, the reformed system provides a structure to implement future policy changes. However, any revenue impact from this bill will originate from one of three main sources. The first source is indeterminate; some of the introduced changes such as the Operating allowance (working capital), the different treatment of intangibles for residents and nonresidents, reporting, compliance, have effects that are indeterminate at this time. The second potential source emanating from the rate schedule was stabilized by changing the tax rates, and no longer is a source of revenue impact. The third source originates from changes in the natural resource credit. This source was also neutralized by the amendment.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No