

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

**Bill Number: HB 2541 - B
Revenue Area: Estate Tax
Economist: Mazen Malik
Date: 06-09-2011**

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 rate 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.

Revenue Impact: Net revenue impact is expected to be near zero overtime, with the bills various provisions having offsetting effects.

Impact Explanation:

The measure rewrites the Estate Tax statutes. This major effort is a product of the workgroup of 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 that is amenable to implement future policy changes. 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 and no longer is expanding this credit.

Creates, Extends, or Expands Tax Expenditure: Yes No