



HB 2546 Just Say "No" to this estate tax proposal

Testimony for House Revenue Committee – Presenter Josie Koehne – 3.7.17

We oppose the HB 2546 which raises the exclusion threshold, or exemption level, for Oregon's Estate Tax to kick in, now set at \$1 million, to that of the federal level, which this year is set at \$5.49 million. A married couple would be able to shield almost \$11 million (\$10.98 million) from Oregon estate taxes, and that exemption amount would be tied to inflation (CPI) and would rise annually.

This is objectionable for two reasons. First, on principle, it would be a great tax advantage to those who will inherit great wealth at a time when those at the bottom of the income spectrum are bearing a high effective tax rate compared to those just above them and in the middle tax brackets. This is not a time to be adding a tax benefit to those in at the top of the wealth ladder. And second, practically, Oregon is at a \$1.6 billion shortfall this biennium and needs to find more revenue to meet its mandated expenses, not give up revenue it has coming in.

This bill's intention is to raise the exemption in a way that seems innocuous, but in reality will cost Oregonians a great deal of much needed revenue over time. In 2015, the estate tax added \$141 M to the General Fund. Using LRO's 2017 Basic Facts figures, the loss had this bill been in effect then would have amounted to approximately \$66 M. And this loss would be increasing over time due to the added CPI increase, raising the exemption level steadily which adds up quickly. We must preserve this income source for Oregon from the transfer of large estates to those who will inherit them.

It makes no sense to give those with inherited wealth an additional tax break while there is record-high wealth disparity in this country. This estate tax was designed during the robber baron years expressly to level the playing field so that the wealthy do not perpetuate a system of class advantage. We need the estate tax more than ever today. In addition, it makes absolutely no sense to tie the exemption to the cost of living increase because that was designed as a periodic increase in wages or salaries, to compensate for loss in purchasing power of money due to inflation. We are not talking about wage earners here in need of a salary increase. The beneficiaries of this tax break are inheritors of wealth that most working people will never see in their working lives.

We hope you will see the logic of these arguments and vote NO on HB 2546

We read the bills and follow the money