



March 28, 2017

To: Senate Committee on Finance and Revenue
From: Anthony K. Smith, State Director, NFIB/Oregon
Re: Oregon Small Businesses Support SB 870

Chair Hass, Vice-chair Boquist, and Members of the Committee,

On behalf of nearly 7,000 Oregon small business members of the National Federation of Independent Business (NFIB), I urge you to support SB 870, a proposal to repeal Oregon's estate tax. Please keep in mind that NFIB represents small businesses in every industry of Oregon's private sector, and while 70 percent of NFIB/Oregon businesses have fewer than 10 employees and 90 percent have fewer than 25 employees, our small business-members employ over 60,000 Oregonians.

In a 2016 survey of NFIB members in Oregon, an overwhelming 88% of respondents supported the elimination of Oregon's estate tax.

Oregon's estate tax applies to all estates valued at \$1 million or more and are taxed at a rate ranging from 10 to 16 percent on the value of the estate that exceeds \$1 million. In contrast, the federal estate tax exemption level is currently \$5.49 million.

The estate tax provides a disincentive for small and family-owned businesses to expand their business or create new jobs, especially for businesses that are preparing to pass the family business on to the next generation. The threat of this tax forces small business owners to pay for expensive estate planning if they want to keep their business in the family. Much of the cost of the estate tax actually occurs before the tax itself is levied. 34 percent of NFIB members have incurred expenses in the last five years in order to protect themselves and their heirs from estate tax liability, and another 15 percent expect to do so in the future.

At its worst the estate tax can tax the family right out of business. The tax applies to property transferred at death if the value of the property exceeds the estate tax exclusion. While the owner of the estate is responsible for the tax, their heirs often are responsible for the actual payment of the tax upon the death of the owner. For estates comprised mainly of illiquid assets, like land, coming up with the cash to pay the tax can be a major challenge.

Oregon can make an important change, and lessen the financial stress on families experiencing a significant loss, by eliminating the estate tax. Again, I urge you to support SB 870.

Thank you for your consideration,

A handwritten signature in blue ink, appearing to read "Anthony K. Smith", is positioned above the typed name.

Anthony K. Smith
NFIB/Oregon State Director