

Estate Taxes

IN OREGON

Related taxes

- ▶ **Estate Tax** - tax imposed when the property transfer is caused by death and is levied on the value of property left by the deceased.
- ▶ **Inheritance Tax** - tax imposed after death, but levied on the amounts that each beneficiary receives. Contingent on recipient income and relationships to the deceased.
- ▶ **Gift Tax** - imposed on the transfer of property by one individual to another paid by the donor

History

- ▶ Have been around in various forms for centuries at the federal level
- ▶ States had many variations
- ▶ Federal pick up tax 1926 – state credit
- ▶ Reduced the ability for a state to provide incentive for wealth migration through taxes.
- ▶ Pick up tax credit was phased out and thresholds increased

Pick up tax credit

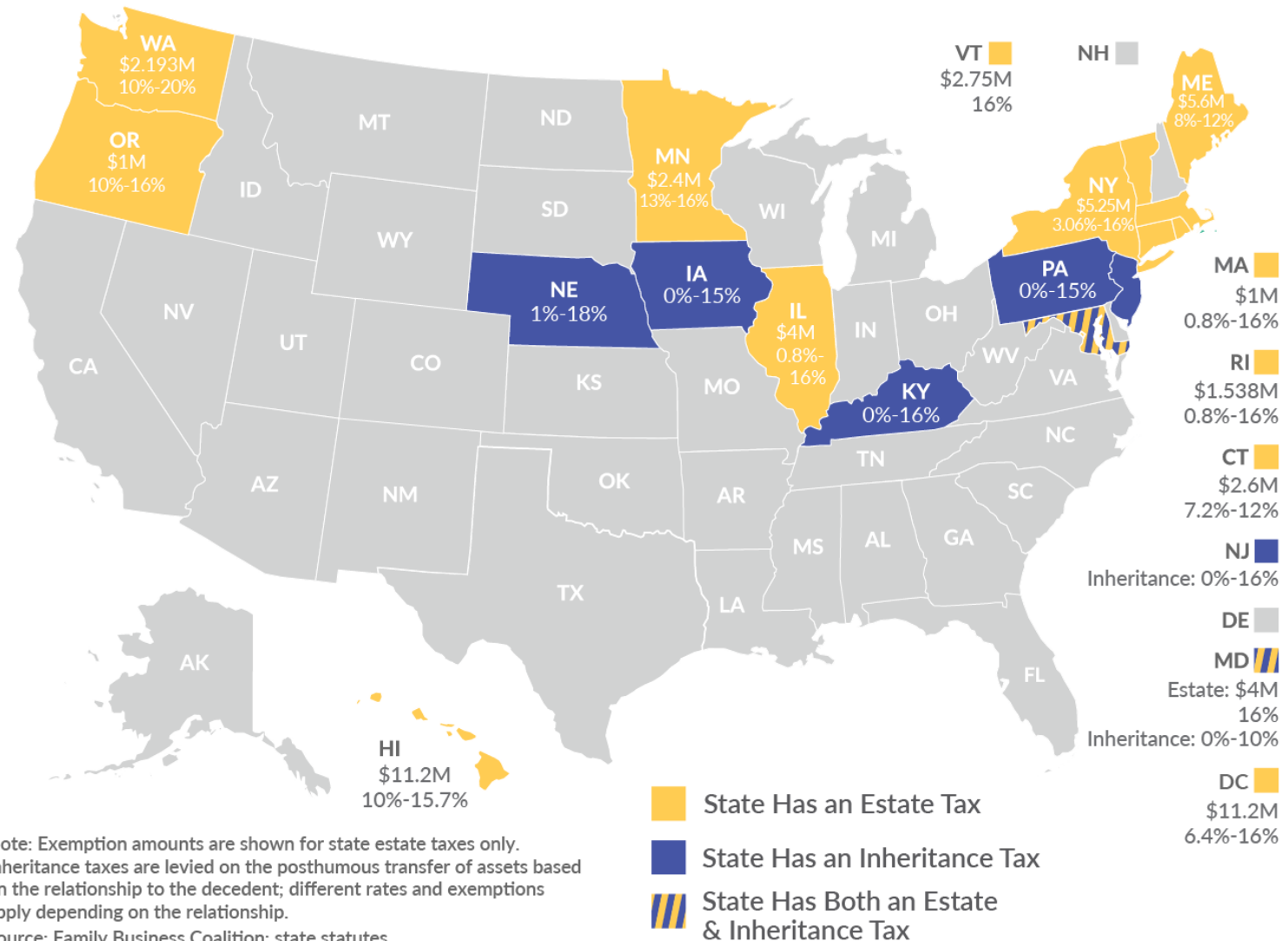
Oregon inheritance tax to estate tax

- ▶ Oregon's inheritance tax was equal to the maximum allowable federal estate tax credit
- ▶ 2001 -By definition as the Federal pick up tax credit was reduced, the inheritance tax would be reduced
- ▶ 2003-2011 HB 3072: tied to the 2000 Internal Revenue Code
- ▶ 2012 HB 2541: estate tax \$1,000,000 – tied to Federal definitions only

Where
do we
fit in ?

Does Your State Have An Estate or Inheritance Tax?

State Estate & Inheritance Tax Rates & Exemptions in 2018









Implications of the estate tax

- ▶ 100% tax – (if combined with an effective complimentary gift tax) returns unused wealth, upon death to state. Next generation starts from scratch.
- ▶ 0% tax – allows 100% of the wealth to remain within family or other beneficiaries.

Oregon's tax rate table

Column 1	Column 2	Column 3	Column 4
Taxable estate equal to or more than:	Taxable estate less than:	Tax on amount in column 1:	Tax rate on taxable estate amount more than the amount in column 1 (percent):
\$ 1,000,000	\$ 1,500,000	\$ 0	10.0%
1,500,000	2,500,000	50,000	10.25%
2,500,000	3,500,000	152,500	10.5%
3,500,000	4,500,000	257,500	11.0%
4,500,000	5,500,000	367,500	11.5%
5,500,000	6,500,000	482,500	12.0%
6,500,000	7,500,000	602,500	13.0%
7,500,000	8,500,000	732,500	14.0%
8,500,000	9,500,000	872,500	15.0%
9,500,000		1,022,500	16.0%

Estate Tax summary

Payable Tax by OR Estate Size - Tax year 2017				
Oregon Taxable Estate	Number of Estates	Payable Tax (i.e. tax owed, based on returns)		
Less than \$1 million	465	\$0	0%	
1m – 1.5m	673	\$10,535,645	5%	
1.5m – 2m	230	\$15,574,562	8%	
2m – 3.5m	254	\$37,145,136	19%	
3.5m – 5m	74	\$20,360,365	11%	
5m – 10m	70	\$36,309,775	19%	
More than \$10 million	25	\$72,671,703	38%	
Total	1,791	\$192,597,186	100%	

*Estates worth \$1 million or more are required to file, but may not owe any taxes, after considering deductions, credits and allowances.

How it works

Part 2 – Tax computation

1. Total gross estate (from page 3, part 5, line 512)	● 1.		.00
2. Total allowable deductions (from page 3, part 5, line 522)	● 2.		.00
3. Taxable estate (line 1 minus line 2)	● 3.		.00
4. Oregon estate tax (see page 3, part 6)	● 4.		.00
5. Gross value of property located in Oregon (see instructions)	● 5.	<input type="text" value=""/>	.00
6. Oregon percentage (line 5 divided by line 1, round to four decimal places, no more than 100%)....	● 6.	<input type="text" value=""/>	%
7. Tax payable to Oregon (line 4 multiplied by line 6)	● 7.		.00
8. Natural Resource Credit (from Schedule OR-NRC, line 12)	● 8.		.00
9. Net estate tax (line 7 minus line 8).....	● 9.		.00
10. Amount paid by original due date of return (see instructions).....	● 10.		.00
11. Tax due (line 9 minus line 10).....	● 11.		.00
12. Overpayment (line 10 minus line 9).....	● 12.		.00
13. Penalty for late filing or late payment (see instructions)	● 13.		.00
14. Interest on late payment (see instructions).....	● 14.		.00
15. Total due (add lines 11, 13, and 14).....	● 15.		.00
16. Refund (line 12 minus lines 13 and 14)	● 16.		.00

Estate Tax exemptions /deductions

- ▶ Marital deduction
- ▶ Debt, Mortgage
- ▶ Funeral deduction
- ▶ Charitable, Bequests
- ▶ Natural Resource Credit

Estate Tax exemptions - NRC

Chapter 15 – Estate Transfer Tax

15.001 NATURAL RESOURCE AND FISHING PROPERTY

Oregon Statute: 118.140

Sunset Date: None

Year Enacted: 2007

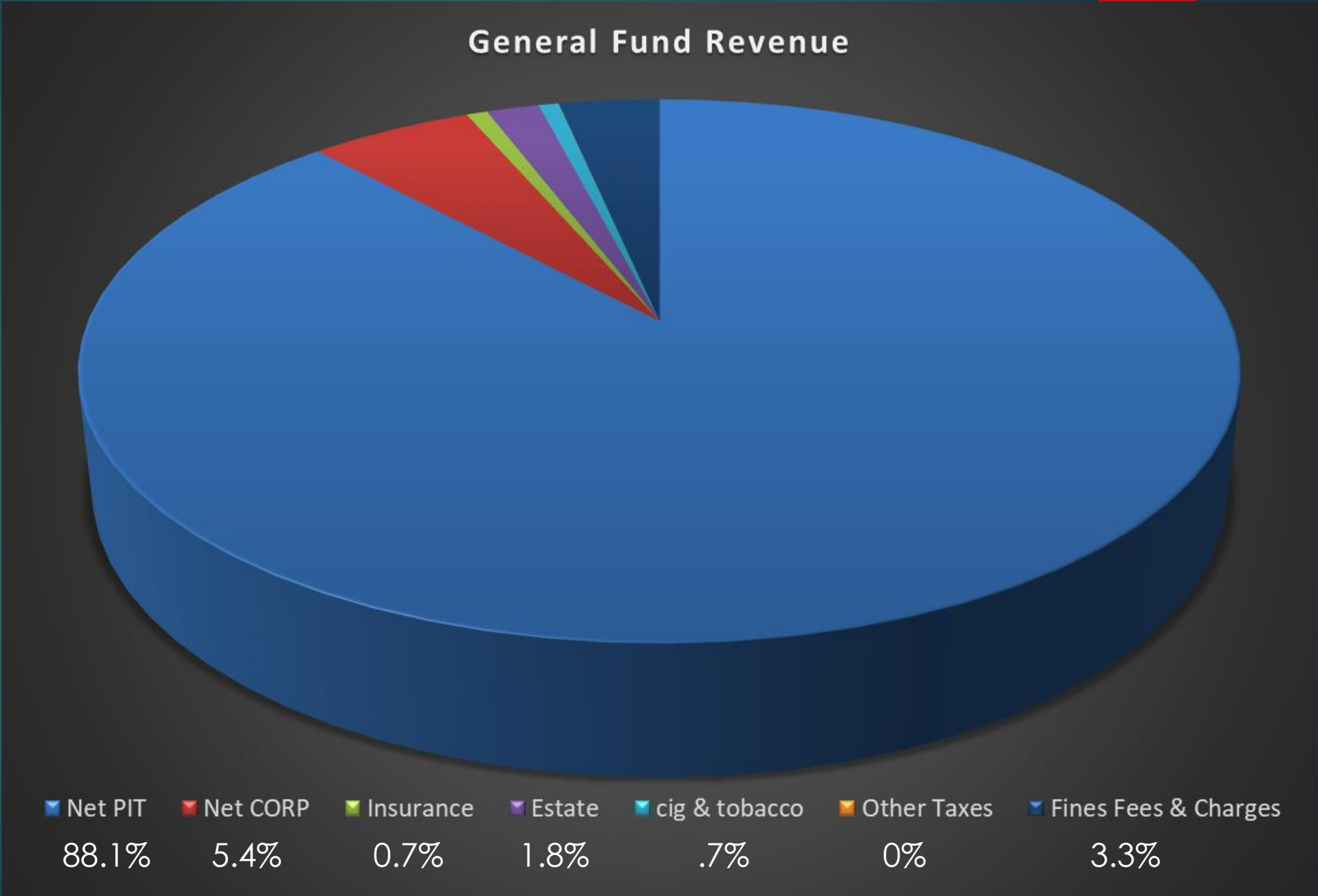
	Total
2017-19 Revenue Impact:	\$13,800,000
2019-21 Revenue Impact:	\$12,900,000

Natural resource Credit

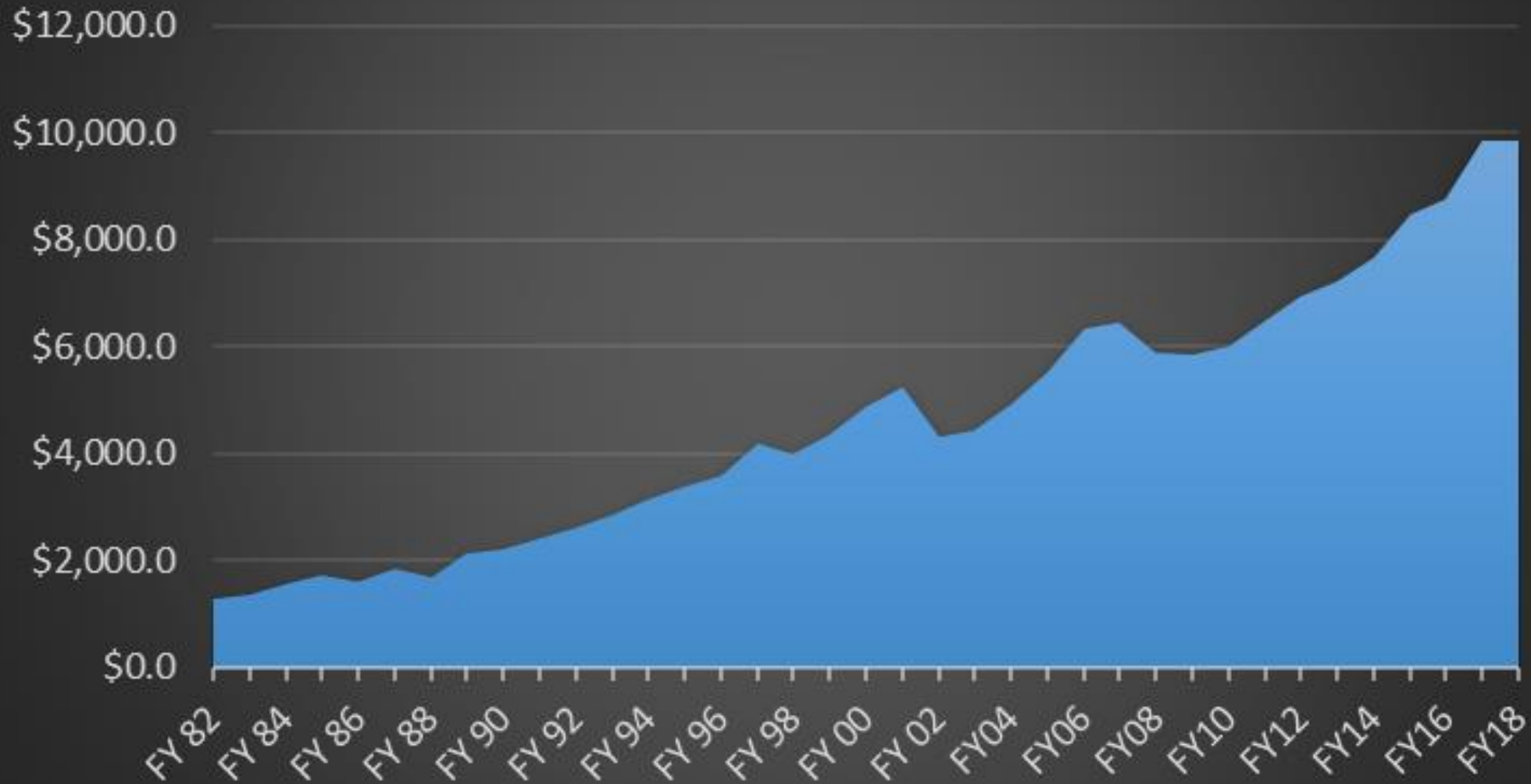
Estate / Inheritance Tax Returns, Tax Years 2007-2017				
Tax year	Returns	Payable Tax	Returns Claiming NRC Credit	Natural Resource Credit (NRC) Claimed
2007 *	1,355	118,705,672	42	2,494,644
2008	1,292	75,950,100	31	1,676,046
2009	1,144	84,133,558	31	1,816,780
2010	1,296	80,556,556	23	1,605,202
2011	1,322	93,331,726	27	3,288,147
2012	1,385	94,219,000	25	4,321,000
2013	1,599	106,597,000	32	3,657,000
2014	1,563	113,024,000	31	3,317,000
2015	1,776	157,579,000	51	5,655,000
2016	1,857	175,417,421	44	6,078,918
2017	1,791	192,597,186	45	5,401,442

*2007 total includes the Natural Resource Exclusion which was replaced by the NRC in 2008 but was applied retroactively

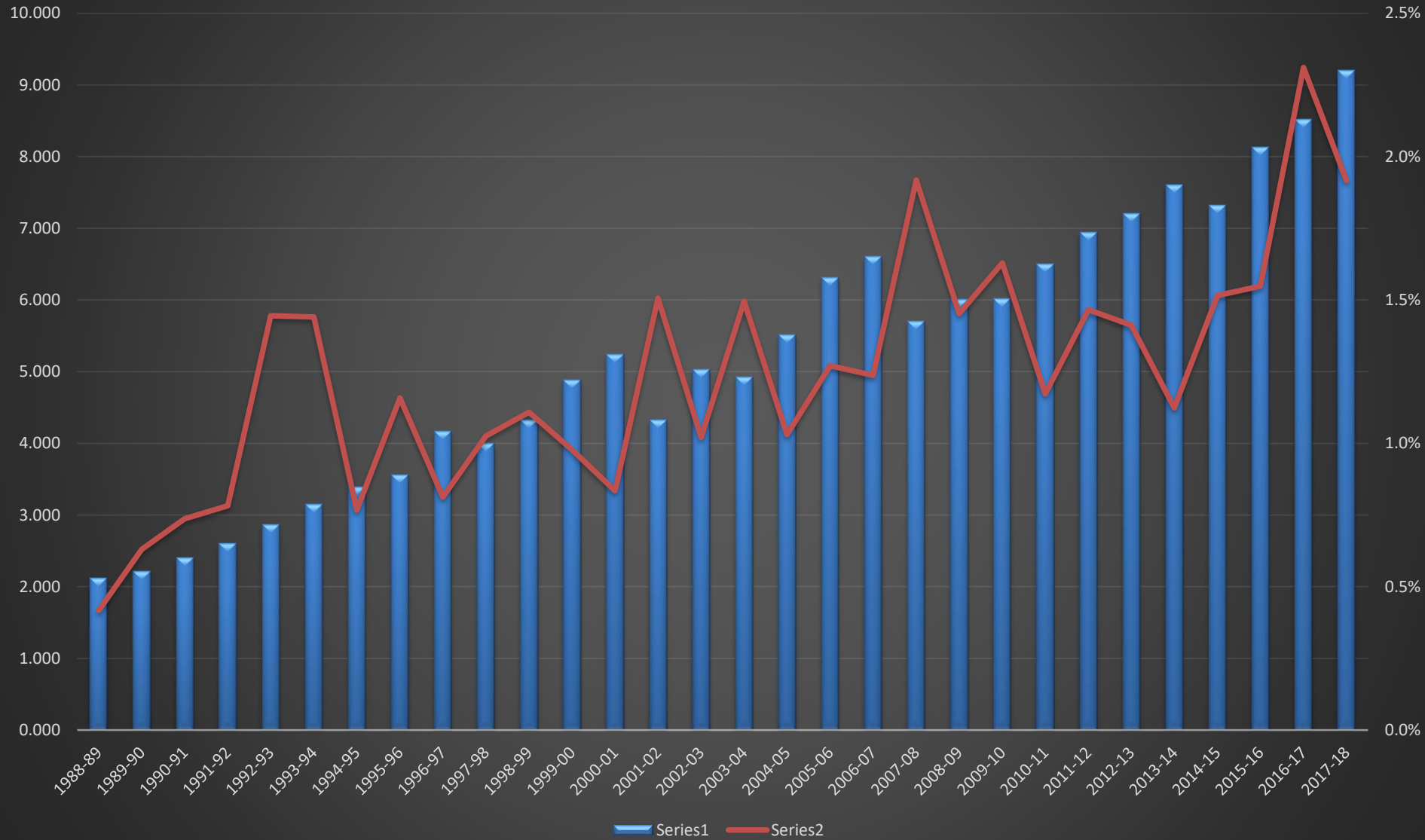
Major sources of Revenue



General Fund (millions of \$)

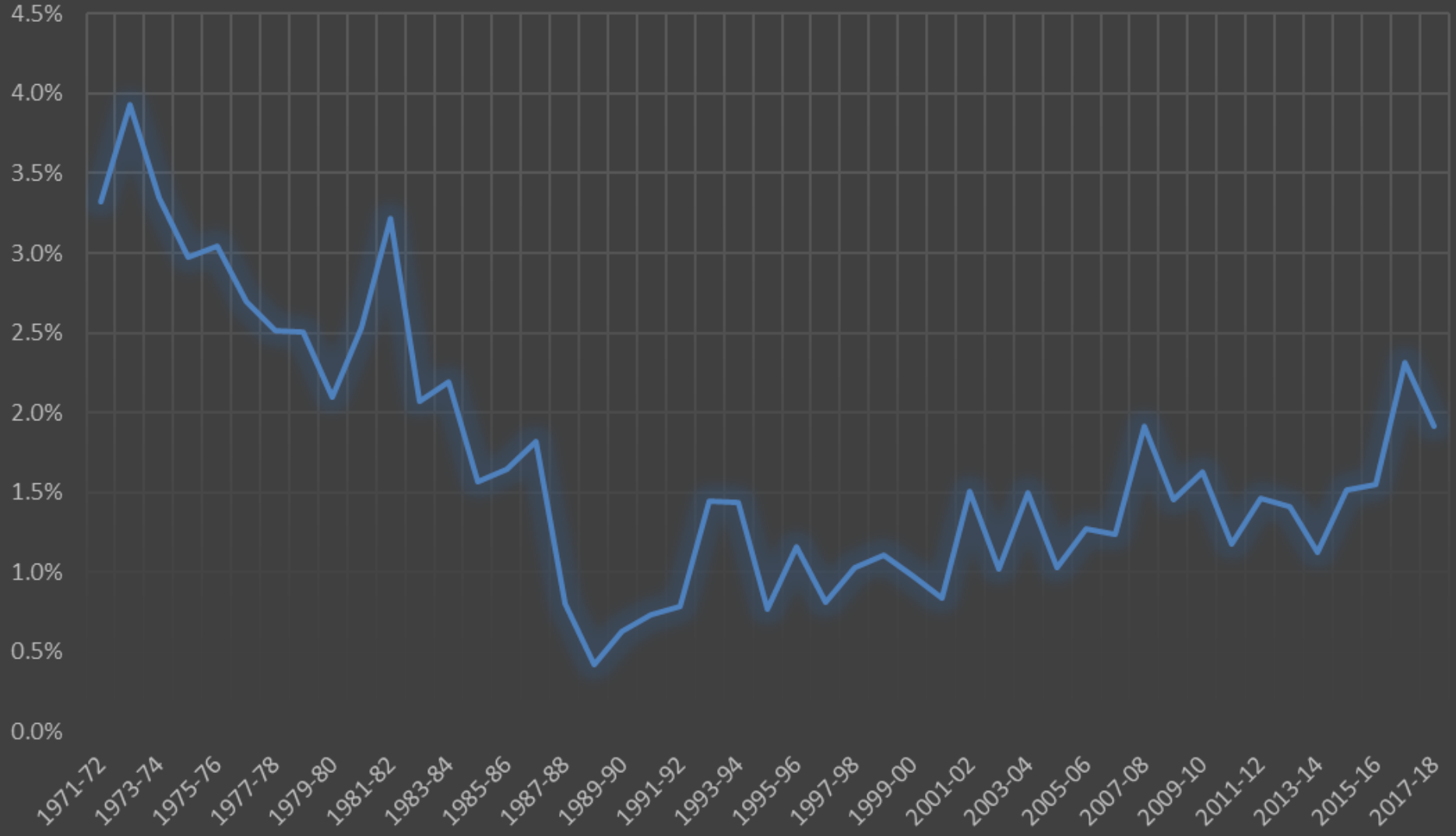


Estate Tax Revenue as % of GF (\$ billions)

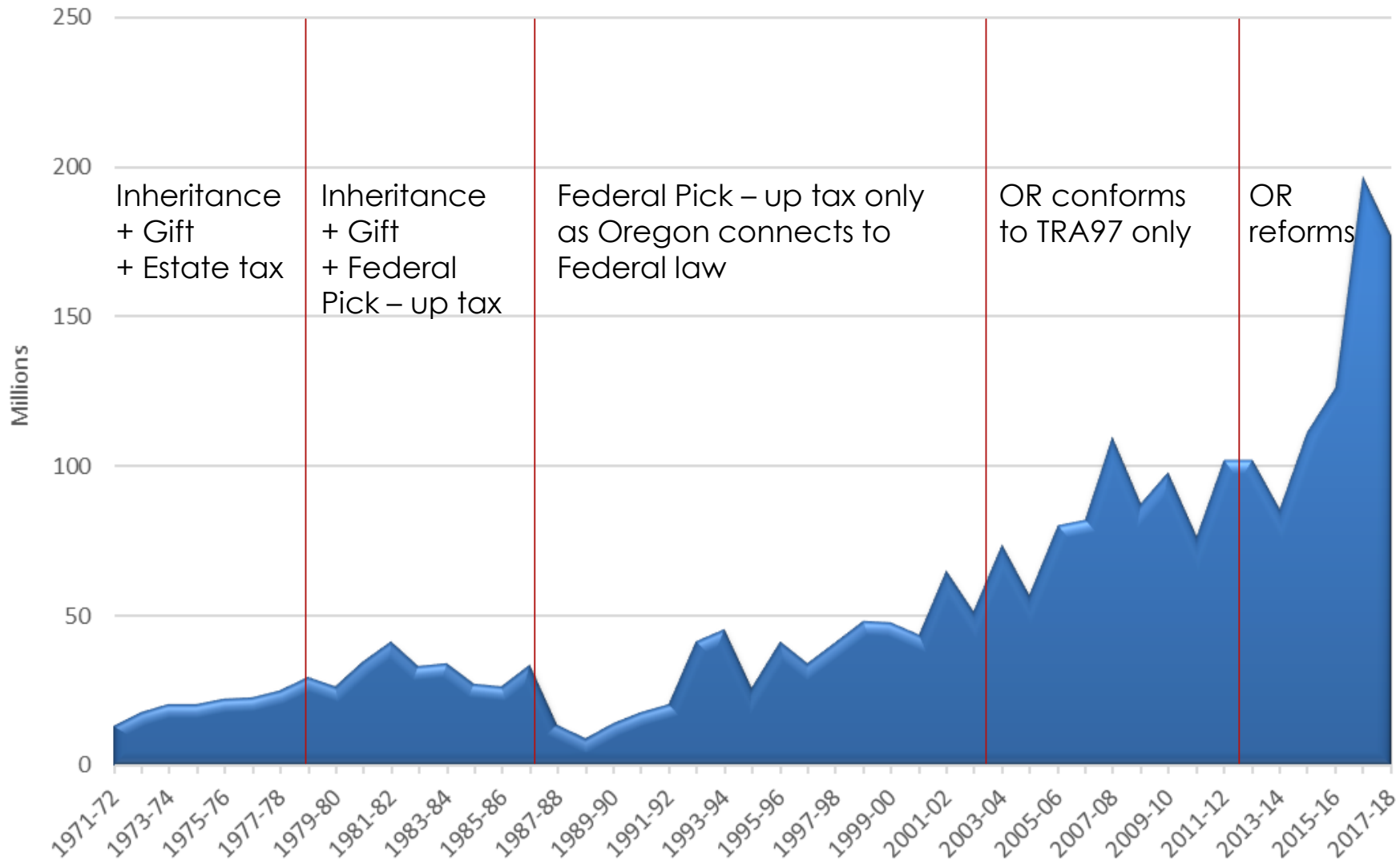


Oregon Tax Revenue

Inheritance / Estate Tax Receipts as % of GF FYs 1972 - 2018



Inheritance Tax Receipts by Fiscal Years



Oregon
Estate
Tax
Revenue

The end