SB 304 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 2/13

WHAT THE MEASURE DOES:
Excludes from taxable estate, value of family-owned farm or business if, at minimum, 75% of business enterprise is owned by one or more family members and if business interest is transferred to one or more family members following death. Applies to deaths on or after 1/1/2020.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:
No amendment.

BACKGROUND:
Estates with a gross value (total estate value both inside and outside of Oregon) greater than or equal to $1 million are required to file an estate tax return while estates valued less than $1 million are not subject to Oregon's estate tax and no return is required. For estates with property inside and outside of Oregon, a ratio is applied to apportion the value of the property subject to Oregon's estate tax.

In calculating taxable estate, a number of deductions are available including: funeral expenses, debts, mortgages and liens, bequests and gifts to charities, and bequests to a surviving spouse. Bequests to a surviving spouse act effectively as a deferral of tax as the property for which a marital deduction is allowed must be included in the value of the gross estate when the spouse that received the benefit of the deduction dies.

An optional natural resource credit (NRC) is available for natural resource property (NRP) which includes farm use and forestland use in addition to property used in commercial fishing business operations. The credit is unavailable to estates with a value greater than $15 million and where the value of the natural resource property in Oregon constitutes less than 50 percent of the value of the estate in Oregon.