

Testimony on Estate Tax Bills
(Senate Bills 188, 304, 319, 674, and 701)

Chair Hass, Vice-Chair Bentz, and members of the committee,

My name is Daniel Hauser, tax policy analyst for the Oregon Center for Public Policy, and I respectfully submit this testimony in defense of Oregon's estate tax and in opposition to Senate Bills 188, 304, 319, 674, and 701.

At a time of extreme economic inequality, a strong estate tax is essential. The estate tax only applies to the wealthiest Oregonians and serves to limit an economic aristocracy from capturing more of our state's wealth. The inheritance received by heirs is not a result of hard work or invention – it is a reward for being born to one of a small number of the state's richest families. There are three primary reasons to retain and protect Oregon's estate tax:

Adequate Resources: Repeal of Oregon's estate tax would pull \$341 million out of Oregon's general fund in the coming budget period. These resources are currently available to boost economic opportunity for all Oregonians through investments in student success, workforce development, and other important services. At a time when the legislature is looking to increase investment in education, it would be an interesting choice to dig a deeper hole.

Racial Equity: The Oregon estate tax is one of the state's most effective tax policies for improving racial equity. Due to policies and practices both past and present, white families largely own the nation's largest fortunes. Nationally, the average white household has more than ten times the wealth of the average Black household. Six in ten U.S. households are white, yet 9 in 10 households that would be expected to pay the federal estate tax are white. Legislation to repeal or reduce Oregon's estate tax would only deepen wealth disparities between Oregonians of color and white Oregonians.

Progressivity: Only the wealthiest 3.6 percent of Oregonians who died in 2017 had estates impacted by Oregon's estate tax. These are people who still had more than \$1 million in their estate after charitable contributions, gifts to family members, use of the estate tax natural resource credit, and other tax planning options available to high-income Oregonians. Oregon's estate tax is already well targeted at the richest estates, since the marginal tax rate grows from 10 percent to 16 percent as the size of an estate grows.

Each of the five estate tax proposals being considered today undermines Oregon's commitment to adequately funding important services, advancing racial equity, and improving the progressivity of our tax and revenue system. I respectfully urge this committee to protect Oregon's estate tax and reject these five bills.