



SB 701: OPPOSE Raising the Estate Tax Exemption to \$11.4 Million

The need for the current form of the estate tax arose following the excesses and vast gaps in wealth between the very rich and the very poor during the Gilded Age of 1870-90s. Those same differences exist today and most Americans recognize, as they did in 1916, that this disparity poses a problem for a democratic republic. An estate tax for the purposes of redistributing some of that wealth was needed. And it is still needed today.

SB 701 would virtually eliminate the estate tax in Oregon with an exemption level at \$11.4 million dollars, *plus* a cost of living increase, which even exceeds the current federal tax exemption at \$11.14 million. In the entire country, only 0.2% of estates (that's 1/5th of 1 %!) owe a federal estate tax. Clearly, the special interests of the wealthy have gotten their way with the US Congress over the years, many of whom are very rich themselves. Rigging taxes to favor wealthy interests has been going on since the birth of this nation.

Oregon is admirable in that it has warded off similar special interest efforts here by maintaining the exemption level at \$1 million dollars. Every year bills are introduced to weaken or eliminate the estate tax; this year we have six. We urge you to hold fast against these interests.

In addition, **SB 701** would eliminate roughly \$400,000 in revenue per biennium from the estate tax collections, at a time when we are struggling to raise \$2 billion for educations alone.

Wealth: Some argue that a million-dollar estate is not considered wealthy anymore, and indeed there are many more millionaires in the last few years. But 90% of Americans are not millionaires. Only the top 10% have that much net worth. Oregon's median net worth is \$93,621, not even close to being a millionaire. The average net worth is a lot higher of course, because the super wealthy are averaged in.

Income: The median income in Oregon is less at \$40,000 for an individual, and \$64,772 for a household, respectively, according to the [DQYD website](#). That means many Oregonians on the lower income scale do not earn enough to save or to develop wealth through investments. And with fewer Opportunity Grants available, they cannot afford the high cost of education to better their economic circumstances. The estate tax adds approximately \$200 million to the general fund each year to help provide programs that support opportunity, or provide services.

Oregon should be proud to be one of the few states that retains a healthy estate tax system to address these economic disparities between the rich and poor. Oregon's estate tax rate is progressive, ranging from 10-16%.* An estate of \$1.5 m pays only \$50,000 in tax, one of \$10 m pays \$1,022,500. These amounts are not crippling, heirs continue to be well blessed. Despite that, some will argue that the estate tax imposes a burden on heirs that will require heirs to sell off assets to pay the tax as some are land-rich but cash-poor. But Oregon, in her wisdom, provides the Natural Resource tax credit that greatly reduces estate taxes for working family farms, forestland and commercial fishing businesses that remain active. In addition, estate planning can help reduce the estate tax by the way insurance, trusts and annuities are handled.

Why virtually eliminate the estate tax in Oregon with this extraordinarily high exemption so that only the very wealthiest 99.8% would pay no estate taxes? And why would we index the exemption to inflation, while these cost of living increases are not built into the EITC or minimum wage that benefit the people at the lowest end of the economic scale? **Making these changes would decrease the equity and adequacy of Oregon's tax system and further destabilize our revenue stream.**

*see chart on reverse

Taxable Estate Equal to or more than:	Taxable Estate less than:	Tax rate on Taxable Estate amount more than column 1
\$1,000,000	\$1,500,000	\$0 + 10%
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	267,500 + 11%
4,500,000	5,500,000	367,500 + 11.5%
5,500,000	6,500,000	482,500 + 12%
6,500,000	7,500,000	602,500 + 13%
7,500,000	8,500,000	732,500 + 14%
8,500,000	9,500,000	872,500 + 15%
9,500,000		1,022,500 + 16%

We read the bills and follow the money