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RE: SB 1560, Oregon Legislature 2020 Session; Hearing: February 13, 2020  
Senate Committee on Finance and Revenue

Senator Mark Hass:

I am writing in support of SB 1560. The bill, as I understand, would add an additional estate value exemption to Oregon's estate tax beyond the current \$1 million exemption, but only as to estates valued under \$6.5 million. The additional exemption would have the effect of eliminating the Oregon estate tax for estates valued under \$2.5 million.

The combined exemption would be: \$3 million estate (\$2.2 million exemption); \$4 million estate (\$1.9 million exemption); \$5 million estate (\$1.6 million exemption); \$6 million estate (\$1.3 million exemption); \$6.5 million estate and above (only current \$1 million exemption).

The bill would have much less impact on state revenues than simply increasing the exemption from \$1 million to \$2.5 million or more, or eliminating the estate tax like 40 other states.

Only 12 states and the District of Columbia have state estate taxes. Of those, only 4 states have state estate taxes with an exemption under \$3 million. Oregon and Massachusetts have the most burdensome estate taxes with only a \$1 million exemption. Of the states on Oregon's border, Idaho, California and Nevada have no state estate taxes. Washington has a \$2.193 million exemption. Hawaii has a \$5.490 million exemption. The federal exemption is \$11.58 million.

It makes sense that retired people in Oregon with estates valued above \$1 million would consider moving to states with a warmer climate and with no state estate tax such as California, Nevada, Arizona, Utah or New Mexico. It is much easier to sell one's Oregon home to move elsewhere now that capital gains may be excluded for a couple up to \$500,000 (with two years as primary residence). When long time Oregon residents move to other states to avoid estate taxation, Oregon loses their income and property taxes, their businesses, and their other contributions to the community, including volunteer work, mentoring and charitable gifting.

Oregon's \$1 million exemption has been in place for a long time with no accounting for inflation or for large increases in the value of real property. Family businesses have crept up in value, such that the Oregon estate tax could take away a significant portion of the value of a family business. Some people may not have even considered estate planning, even if it would help.

Thank you for your consideration.

Lloyd Helikson