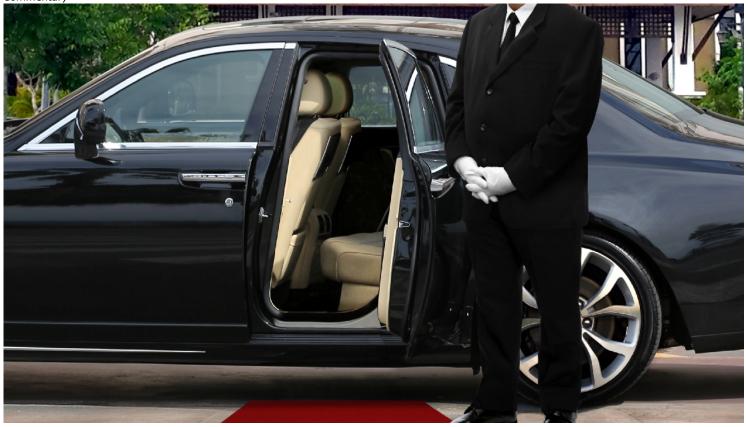
Lawmakers have a plan to worsen wealth inequality

Commentary



February 12, 2020By Juan Carlos Ordóñez

At a time when so much of the nation's wealth is concentrated in the hands of so few, some Oregon lawmakers are making it their priority to further boost the fortunes of wealthy families. At the national level <u>a conversation has begun</u> on the need to tax wealth, yet this group of Oregon lawmakers seeks to weaken the estate tax — the most direct way Oregon taxes wealth.

Oregon's estate tax advances economic opportunity in two fundamental ways. First, the revenue it generates helps pay for our schools, job training programs, and other essential services. Second, a strong estate tax helps prevent the creation of an economic aristocracy and a slide toward plutocracy — a government by and for the wealthy. "A dynastic system where you can pass vast wealth along to your children," Bill Gates recently warned, "is not good for anyone."

Already Oregon's estate tax impacts few people. With the help of an estate tax lawyer, the wealthy can shield huge sums from the estate tax, using mechanisms such as gifts and irrevocable trusts. The estate tax only applies if the estate is worth more than \$1 million after these avoidance maneuvers. Oregon's estate tax also includes a generous credit – worth up to \$15 million – for estates that mostly consist of farmland, forestland, or other natural resources. As such, only the wealthiest 3.6 percent of Oregonians who died in 2017 left behind holdings impacted by Oregon's estate tax.

Senate Bill 1560 would weaken Oregon's estate tax. The bill would lift the threshold for triggering the estate tax from \$1 million to \$2.5 million while shrinking the tax bill for estates worth up to \$6.5 million. What would have happened if SB 1560 had been in effect in 2017? More than 90 percent of the estates that paid the tax instead would have paid no estate tax or would have received a tax cut. While SB 1560 does not benefit the largest estates, those over \$6.5 million, it would still be a significant tax break for hundreds of very wealthy Oregonians.

Moreover, a weaker estate tax would exacerbate the vast wealth divide along racial and ethnic lines. Why? Because, by-and-large, the wealthiest Oregonians are also predominantly white. Due to policies and practices both past and present, white families own most of the nation's largest fortunes. Nationally, the typical (median) white household has nearly ten times the wealth of the typical Black household and more than eight times the wealth of the typical Latino household.

At a time of such extreme concentration of wealth, Oregon lawmakers should be discussing ways to reduce wealth inequality, not worsen it. SB 1560 is truly one of the most appalling pieces of legislation in the current session.

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