



SB 1560: We Oppose a More Generous Estate Tax Law

Senate Finance and Revenue Committee – Jody Wisner – 2.13.2020

In Oregon, each person who dies can leave a million dollars to their kids without paying a penny of estate tax. Someone with more than \$1 million pays a tax on the amount over that. For farmers and forest folks, the exemption number is \$7.5 million with reductions above that for farms of less than \$15 million in value. For couples, those numbers are doubled. Last year there were five bills seeking to benefit families with valuable estates. This year we see only SB 1560. We appreciate to limitations on the number of bills before you!

Who is this bill about? Only 3% of decedents – including all decedents from infants on – have any obligation under Oregon’s current estate tax law. It’s a small group.

SB 1560 increases how much kids can inherit without their parent’s estate paying a penny of tax from \$1 million to \$2.5 million and also lowers the taxes on estates of up to \$6.5 million. It has no benefit for larger estates. This is crafting we appreciate.

However, under current law for in a family of four kids, each child can inherit a quarter of a million without a penny of tax. If their mom’s taxable estate is \$2.5 million, the tax would be \$142,500. They would each receive \$589,000. Under SB 1560 they would each get \$625,000. Is this difference really a problem? Will their mom move over this? Obviously, not everyone chooses to move.

At roughly \$200 million a year, Oregon’s estate tax provides 1-2% of General Fund revenue, revenue to address the state’s responsibilities.

While we talk in this room about the estate tax annually, has this or any other committee considered a bill to increase the amount of Temporary Assistance for Needy Families (TANF) subsidy we give for the most vulnerable Oregonians? I don’t recall it. The last real increase for TANF was in 1997 when the estate tax exemption was \$600,000. Instead of being essentially frozen at \$506, TANF would now be \$855 if the laws for poor people were as generous as those for the top 3% who pay this tax.

Another example of the ways of this building: While the generous natural resources exemption was created and the estate tax exemption level increased from \$600,000 to \$1,000,000 what’s happened to the minimum wage since 1997? A full-time minimum wage employee has seen a \$14,560/year increase. This building has been generous with its minimum wage as well as the estate tax. But most anyone would choose a one time \$400,000 increase for being born lucky¹ over a \$14,560/year increase for working.

Members of Tax Fairness Oregon believe it is to the TANF and minimum wage citizens that your attention should be focused. We urge you to not move SB 1560 forward.

¹ The minimum wage in Oregon has gone from \$5.50 to \$12.50 (the Portland tier of our three wages). That means a full-time employee in Portland has had their guaranteed minimum wage increased from \$11,440 to \$26,000, a \$14,560/year increase for workers over the same time that heirs have seen a \$400,000 increase for not working