

Testimony in Opposition to SB 15

Chair Burdick, Vice-Chair Boquist, and Members of the Committee,

My name is Daniel Hauser (he/him), 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 Bill 15.

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 prize 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: Cutting Oregon's estate tax, as SB 15 would do, pulls important resources out of Oregon's general fund. These overall estate tax raises \$476 million in the current budget period, and it is not yet clear how much SB 15 would reduce these revenues. These funds are needed to boost economic opportunity for all Oregonians through investments in affordable housing, workforce development, and other important services. We should prioritize investments in services working families need, not a tax cut for wealthy estates.

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 median white household owns nearly eight times the wealth of the median Black household and more than five times the wealth of the median Hispanic household. Six in ten U.S. households are white non-Hispanic, yet 9 in 10 households that would be expected to pay the federal estate tax are white. Legislation to 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 wealthy 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.

SB 15 undermines Oregon's commitment to adequately fund important services, advance racial equity, and improve the progressivity of our tax and revenue system. We respectfully urge this committee to protect Oregon's estate tax and reject SB 15.