



SB 15: Estate Tax changes should be revenue neutral

Madame Chair and members of the committee:

My name is Bennett Minton, and I appear on behalf of Tax Fairness Oregon, a network of volunteers who advocate for a rational and equitable tax code.

I have noted to this committee that I spent my paid career analyzing policy in Congress, mostly taxes. I watched as the estate tax shrank from a measure intended to ensure America didn't have a hereditary aristocracy to a provision that barely touches anyone. In 1997 the federal unified credit – for the estate, gift and generation-skipping transfer tax – was \$600,000. Today it is \$23 million for couples.

This is, I suggest, the gift of the baby boomers, who went to college for free and fought in or against the Vietnam War. As parents we bought minivans and shrank state support for education and then, as our parents aged, ensured that we wouldn't have to pay any tax on our parents' wealth.

And yet, here we are, considering legislation to shrink further the miniscule tax on the money mommy and daddy leave behind. LRO's [Basic Facts](#) (page F-3), issued in January, reports that 1,443 Oregonians owed any estate tax for the most recent year. Another 572 filed estate returns but paid no tax because their assets were below the \$1 million exemption. To put that in context, about 37,000 Oregonians died in 2019, so not quite 4% of their estates owed any tax. Simple math suggests that 96% of us have no personal stake in this subject.

I don't doubt that some residents move to Idaho or Washington so that they won't be subject to the estate tax. On the other hand, these stories are mixed up with those of potential emigrants who own farms. Of course, the farms are staying, and they receive treatment under the Natural Resources Credit.

Opponents note that most other states have followed the federal lead and reduced or eliminated the estate tax, and they urge you to join the race to the bottom.

Yes, until 2001, every state taxed estates. Now 12 do, and six tax inheritances – which is a more sensible method, since the deceased don't actually pay taxes. Yes, government policies change. What has gone down will eventually go up, because the estate tax is one of the fairest ever created.

Personally, which is to say anecdotally, I will not choose my place of residence based on whether my kids have to pay a bit of my gold to fund the purposes for which we have taxation – education, for example. After all, my kids did nothing to earn it, just as I did nothing to earn the money I received from my parents, other than stay on reasonably good terms with them. Had they died in Oregon, I would have gotten a little less. Some parents may choose otherwise. Either way, policy should not be guided by anecdotal choices affecting a tiny number of residents.

We read the bills and follow the money

The point is, Oregon's estate tax raises a couple hundred million dollars, 2 percent or so of the General Fund. What services will be cut, or taxes raised, to offset the revenue loss? Over the last 25 years, I have never heard opponents of the estate tax discuss that.

To Senator Findley's bill, which would increase the exemption amount for estates under \$4.5 million. This is the upper end of the middle class: people who've worked, funded a 401(k) and built a bit of wealth. My kids would benefit from it, and their father did nothing exceptional to acquire his wealth. As my financial adviser told my son: If you fund your IRA or 401(k), you will become a millionaire, thanks to the magic of compounding.

I appreciate Senator Findley's interest. As I told him in a gracious conversation we had a couple weeks ago, if the bill were adjusted to phase out the exemption at the top or raise the top rate, so that not one additional dime of revenue went to inheritors, then TFO would have no objection to it.

Or if Oregonians rid their constitution of irrational and counterproductive constraints on the legislature's ability to raise the revenue that serves all of Oregon, including its eastern border, then an increase in the exemption might be reasonable. The citing of exemptions in other states lacks the context of their respective tax codes. (A witness said that New York has reduced its estate tax, but failed to note that its residents pay sales taxes ranging up to 8.75% or that its property taxes are not restricted under an equivalent of Measure 50.)

Absent a change in Senator Findley's bill, or the Oregon constitution, we would prefer that you retain our limited revenue on behalf of children whose parents are more likely to leave them funeral bills than trust funds.