

SB 498 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Prepared By: Chris Allanach, Legislative Revenue Officer

Meeting Dates: 1/25

WHAT THE MEASURE DOES:

Creates an exemption from the Estate Tax for any interest in natural resource property that is held by a decedent for at least one year prior to death and is transferred, at the time of death, to one or more family members of the decedent. Estates may claim an exemption up to \$15 million and may not claim the Natural Resource Credit. Applies to the estates of decedents dying on or after July 1, 2023. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Oregon's Estate Tax is imposed when a property transfer is caused by the owner's death and is levied on the value of property. Taxation begins at a value of \$1 million dollars and a tax rate of 10 percent. The tax rate increases with values up to 16 percent for values above \$9.5 million. For estates with property inside and outside of Oregon, a ratio is applied to apportion the value of the property subject to the tax. An optional natural resource credit (NRC) is available for natural resource property (NRP) which includes farm use, forestland use, and property used in commercial fishing business operations. The credit is unavailable to estates with a value above \$15 million and where the value of the natural resource property in Oregon constitutes less than 50 percent of the value of the estate in Oregon.