

SENATE AMENDMENTS TO SENATE BILL 498

By COMMITTEE ON FINANCE AND REVENUE

June 2

1 On page 1 of the printed bill, delete lines 6 through 15 and insert:

2 **“SECTION 2. (1) As used in this section:**

3 **“(a) ‘Family member’ means a person within the third degree of relation, by blood, mar-**
4 **riage, adoption, civil union or domestic partnership, to another person.**

5 **“(b) ‘Materially participate’ means to engage in the active management, as defined in**
6 **section 2032A of the Internal Revenue Code, of a farm business, forestry business or fishing**
7 **business owned by the decedent on the date of the decedent’s death. The Department of Re-**
8 **venue may adopt rules to administer this section consistent with this definition.**

9 **“(c) ‘Natural resource property’ has the meaning given that term in ORS 118.140.**

10 **“(2) An interest in natural resource property is exempt from the tax imposed under this**
11 **chapter if:**

12 **“(a) The property is held by a decedent for at least five years before the death of the**
13 **decedent;**

14 **“(b) During at least 75 percent of the days of each of the five calendar years immediately**
15 **prior to date of the decedent’s death, the decedent or any family member of the decedent**
16 **materially participates in the farm business, forestry business or fishing business;**

17 **“(c) The interest is transferred, as a consequence of the decedent’s death, to one or more**
18 **family members of the decedent and is subsequently owned by family members of the**
19 **decedent for at least five consecutive calendar years beginning with the calendar year im-**
20 **mediately following the date of the decedent’s death; and**

21 **“(d) During at least 75 percent of the days of each of the five calendar years immediately**
22 **following the date of the decedent’s death, any family member of the decedent materially**
23 **participates in the farm business, forestry business or fishing business.**

24 **“(3) An additional tax under ORS 118.005 to 118.540 shall be imposed if:**

25 **“(a) The natural resource property for which an exemption is allowed under this section**
26 **is, during the five calendar years following the date of the decedent’s death, subsequently**
27 **sold or otherwise transferred to a person other than a family member of the decedent; or**

28 **“(b) The material participation requirement of subsection (2)(d) of this section is not met.**

29 **“(4) The additional liability imposed under subsection (3) of this section shall be the**
30 **amount of additional tax that would have been imposed had the transferred property been**
31 **included in the decedent’s taxable estate. Upon receiving notice of a subsequent sale or other**
32 **transfer of property for which an exemption has been claimed, or upon receiving notice that**
33 **the material participation requirement of subsection (2)(d) of this section has not been met,**
34 **the department shall immediately proceed to collect the additional tax.**

35 **“(5) An estate claiming the exemption under this section may not claim the credit al-**

1 **lowed under ORS 118.140.**

2 **“(6) The exemption allowed under this section may not exceed \$15 million for the**
3 **estate.”.**

4 On page 3, line 10, after the period insert “Section 2 of this 2023 Act and”.

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