



SB 498: An estate tax exemption for an aristocracy

Senate Committee on Finance and Revenue | 1/25/2023 | Bennett Minton

Chair Meek and members of the committee:

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

Placing this issue in context: For four decades Congress has been slashing taxes on the wealthy, and especially on the ultra-wealthy, contributing to the growing chasm between the top 5% or 1% or 1/2% and everyone else. The federal diminishment of the estate tax is a small example of the shift away from equity in the tax code. In the 1990s, the federal estate tax exemption was \$600,000. It is now more than \$12 million, and \$25 million per couple.

I was a tax analyst and lobbyist in D.C. from the 1980s until 2014. It is astonishing to me how much attention, and taxpayer money, has been devoted to protecting inherited wealth.

Everyone knows: Dead people don't pay taxes. The estate tax, federal and state, is a tax on unearned fortunes passed to heirs. Its purpose, established a century ago, is to prevent the United States from becoming an aristocracy.

As for this bill, we do not contend that Oregon farmers, forest owners or fishermen are an aristocracy. But they aren't the subject of this bill. Current law grants their qualifying estates a \$15 million exemption.

Senator Hansell's story from decades ago, when his family sold section 16 of his late grandfather's farm, has no relation to this bill.

From our reading, the bill would sweep away the ceiling that excludes estates valued at more than \$15 million from using the exemption. It would allow the heirs of people who buy qualifying land as little as a year before death—that is not a "family farmer"—to exploit it. It would also overturn the qualification that the inheritors continue the business use of the natural resource property.

In support of current law, the state Agriculture Department argues, in the current Tax Expenditure Report: "The estate transfer tax credit can help make it possible for beginning farmers and ranchers to afford inherited land and continue operating the family business."

That has nothing to do with this bill. Whatever the challenges Representative Mannix describes in his testimony—and I agree that understanding tax provisions is one of them, because when government departs from the principle that income is income and should be so taxed, it sets complicated rules to prevent exploitation—current law allows beginning farmers and ranchers to continue operating a family business. The bill is about something else: allowing bigger estates to take advantage of the \$15 million exemption, no strings attached.

SB 498 represents a tax shift from the rest of us to an aristocracy. We hope this is the last we hear of it.

We read the bills and follow the money