

## **SB 68 (Estate Tax) Public Hearing: 3/27/2023**

Chair Meek and Vice-Chair Boquist:

By my count, there have been 12 bills introduced this session to try to rectify the oppressive nature of Oregon's estate tax, especially when compared to the 33 states which have no estate tax. And of the 17 that have an estate tax, Oregon has the smallest exemption, meaning it is the most oppressive. There will be those who erroneously argue that eliminating the estate tax is unfair and that we should use this tax revenue to redistribute money to others.

If you listened to the testimony in the house on HB 2624, you heard from the Oregon Bankers Association. I agree with that testimony and believe that Oregon will lose more tax revenue from the state income tax that is lost when people move out of Oregon to avoid the estate tax, when compared to what Oregon will lose if they just eliminate the estate tax. A bill such as SB 68 will help keep people in Oregon and thus continue to pay annual income taxes. For example, people over 72 years of age are required to withdraw IRA funds according to a "Required Minimum Distribution" formula or "RMD". By moving out of Oregon, these retired people can avoid the Oregon income tax on the RMD and also avoid the estate tax. This is the fact that some people do not understand. The strategy of moving from Oregon to Texas, Florida, Idaho, Utah, Nevada or many other tax friendly states is one that retirees are employing. Even moving to Washington or California is a viable option when considering estate taxes.

The other strategy that a person can use to avoid the Oregon Estate tax is just to give away a portion of their estate each year using the IRS gifting laws.

It is short-sighted to believe that Oregon benefits from having an estate tax. In fact, estate tax revenues are only a small fraction of total state revenues, and much less than the kicker is projected to be. Passing SB 68 to reduce the estate tax will help keep people in Oregon from moving to other states.

Sincerely,

Brad Dennis  
Albany