

# Examples of Estate Tax Policy Changes

Senate Interim Committee on Finance and Revenue

January 13, 2026



# Outline

- Background
  - Forecast Estate Tax Revenue
  - Timing of Revenue Impacts when Policy Changes
  - Current Tax Brackets
- Increased Exclusions in General
- Increase Exclusion to \$2.5 million
- Increase “subject threshold” to \$2.5 million, but maintaining \$1 million Exclusion (Taxable Estates valued below \$2.5 million don’t owe tax, but those \$2.5 million or higher owe tax on estate value over \$1 million)

# Estate Tax Forecast

Office of  
Economic  
Analysis

Most Recent Forecast (4th Quarter 2025)  
(\$ Millions)

FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
488.3	543.0	601.8	677.7	748.7	850.1

# Estate Tax Timing of Policy Impacts

Estate Tax Returns are Due 12 months after decedent's death (was 9 months before 2022)

- Commonly extended 6 months

Estate Tax Payments are due 12 months after decedent's death

- Payment extensions are permitted

Consequently, Estate Tax changes take two years to phase in

For example: Date of Death 2026,

about 35% of payments in FY2027

about 65% of payments in FY2028

# Current Tax Brackets and Calculation For Comparison

- Note: Brackets adjusted to take Exclusion then calculate tax

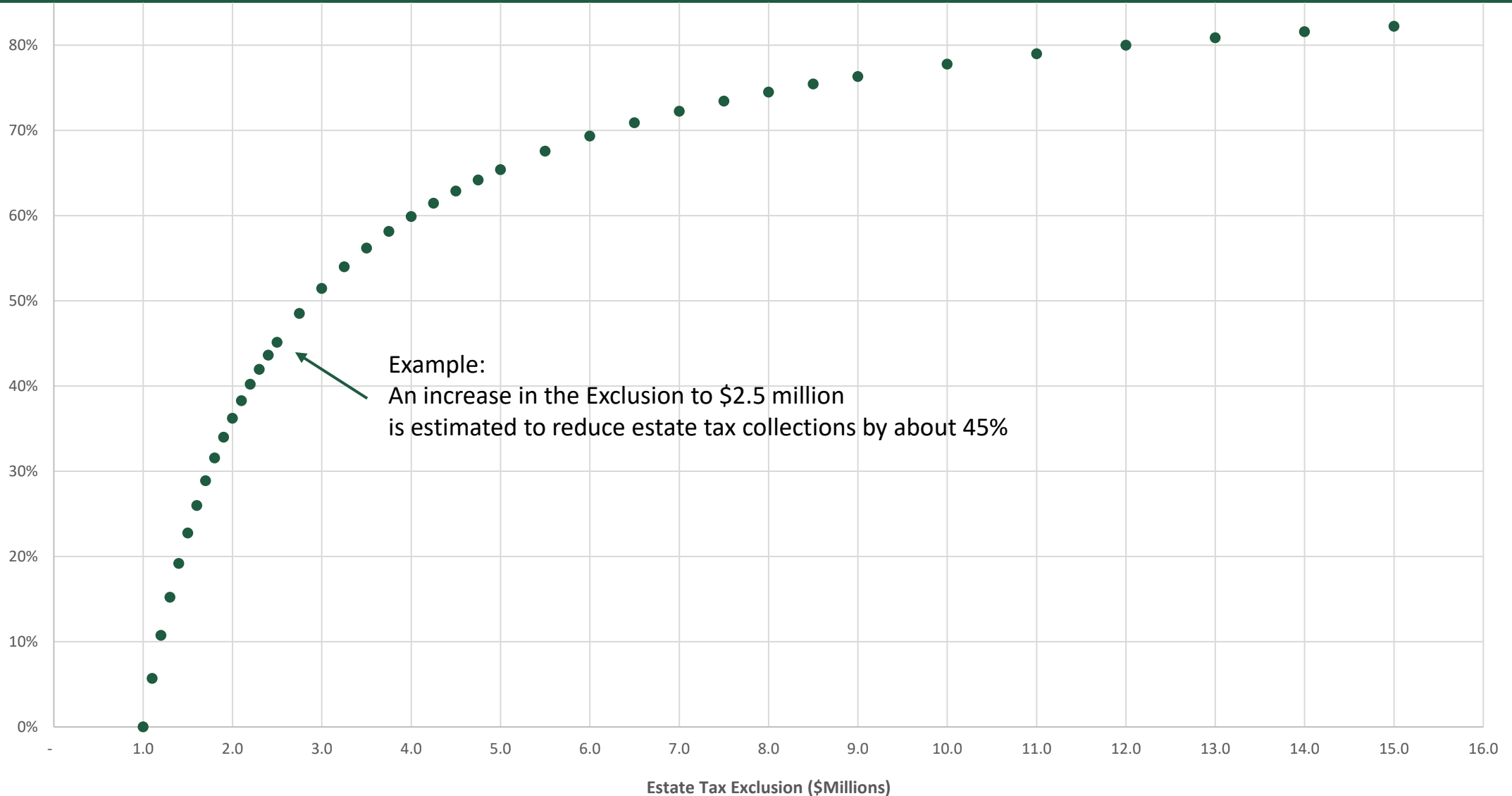
## Oregon Current Estate Tax - w/ Explicit Exclusion

Exclusion Amount <b>\$1,000,000</b>			
<b>Taxable Estate</b> (After Exclusion)			<b>Tax Rate</b>
-	to	500,000	10.00%
500,000	to	1,500,000	10.25%
1,500,000	to	2,500,000	10.50%
2,500,000	to	3,500,000	11.00%
3,500,000	to	4,500,000	11.50%
4,500,000	to	5,500,000	12.00%
5,500,000	to	6,500,000	13.00%
6,500,000	to	7,500,000	14.00%
7,500,000	to	8,500,000	15.00%
8,500,000	and above		16.00%

## Tax Examples

<b>Total Taxable Estate</b>	<b>Taxable Estate After Exclusion</b>	<b>Tax</b>
\$1,500,000	\$500,000	\$50,000
\$3,000,000	\$2,000,000	\$205,000
\$5,000,000	\$4,000,000	\$425,000
\$7,000,000	\$6,000,000	\$667,500
\$15,000,000	\$14,000,000	\$1,902,500

# Estimated % Reduction in Oregon Tax by Exclusion Amount



# \$2.5 Million Exclusion Threshold (Preliminary Estimate)

## \$2.5 million exclusion

Taxable Estate				Difference
(After Exclusion)			Tax Rate	
-	to	500,000	10.00%	0%
500,000	to	1,500,000	10.25%	0%
1,500,000	to	2,500,000	10.50%	0%
2,500,000	to	3,500,000	11.00%	0%
3,500,000	to	4,500,000	11.50%	0%
4,500,000	to	5,500,000	12.00%	0%
5,500,000	to	6,500,000	13.00%	0%
6,500,000	to	7,500,000	14.00%	0%
7,500,000	to	8,500,000	15.00%	0%
8,500,000	and above		16.00%	0%

## Tax Calculation

### \$2.5 million exclusion

Total Taxable Estate	Taxable Estate After Exclusion	Tax	Difference
\$1,500,000	\$0	\$0	(\$50,000)
\$2,000,000	\$0	\$0	(\$101,250)
\$3,000,000	\$500,000	\$50,000	(\$155,000)
\$7,000,000	\$4,500,000	\$482,500	(\$185,000)
\$15,000,000	\$12,500,000	\$1,662,500	(\$240,000)

### Current Law

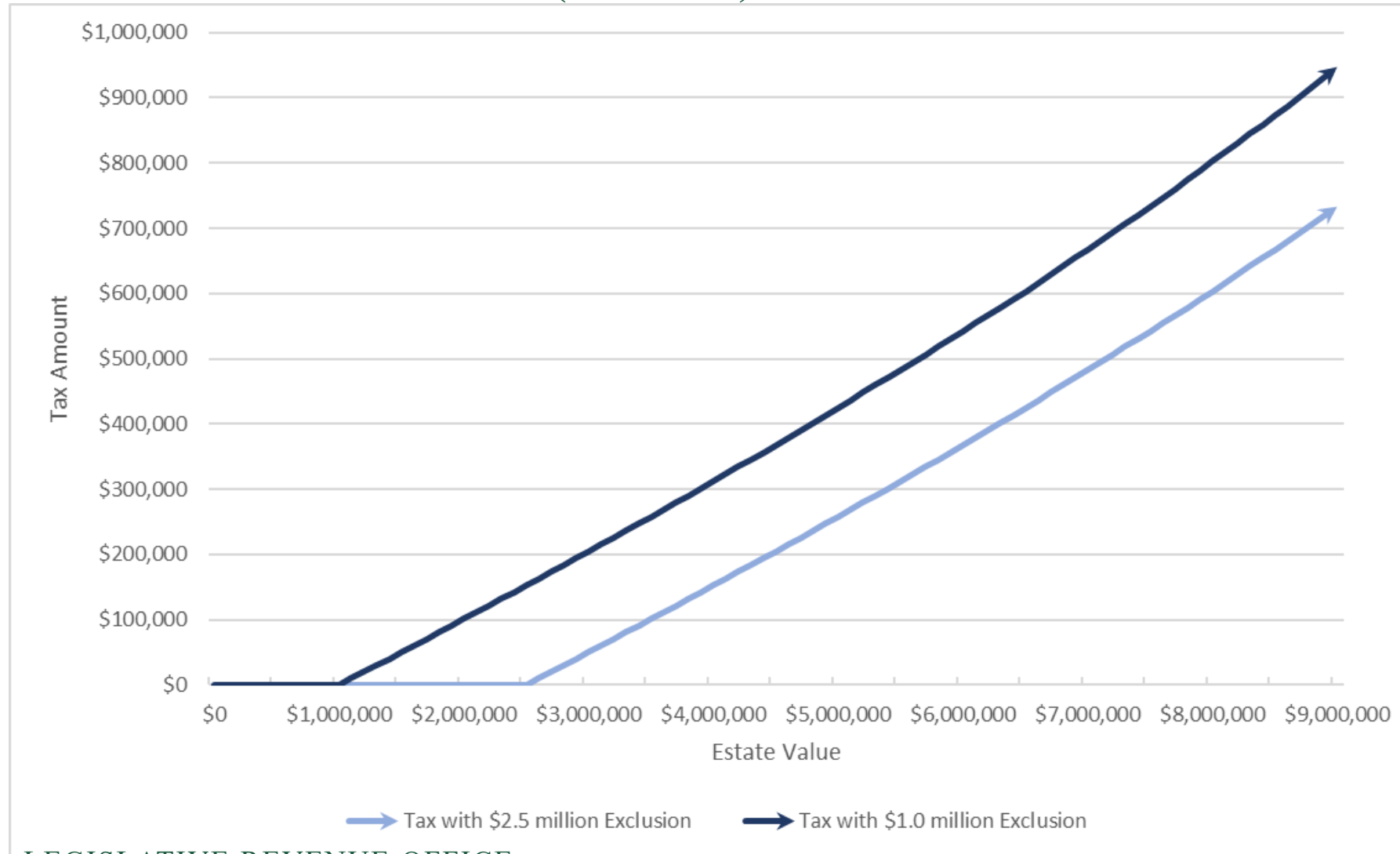
Total Taxable Estate	Taxable Estate After Exclusion	Tax
\$1,500,000	\$500,000	\$50,000
\$2,000,000	\$1,000,000	\$101,250
\$3,000,000	\$2,000,000	\$205,000
\$7,000,000	\$6,000,000	\$667,500
\$15,000,000	\$14,000,000	\$1,902,500

Reduction of about 45% of Tax Liability

For Tax Year 2023 that would have been about \$173 Million

# Graphical Comparison for individual estates

## \$1 million Exclusion (current) vs. \$2.5 million Exclusion





# \$2.5 Million Exclusion Threshold starting Tax Year 2026, Change Rates to reduce impact (Preliminary Estimate)

## \$2.5 million exclusion and new rates

Taxable Estate (After Exclusion)			Tax Rate	Difference
-	to	500,000	18.20%	8.20%
500,000	to	1,500,000	18.70%	8.45%
1,500,000	to	2,500,000	19.10%	8.60%
2,500,000	to	3,500,000	20.00%	9.00%
3,500,000	to	4,500,000	20.90%	9.40%
4,500,000	to	5,500,000	21.90%	9.90%
5,500,000	to	6,500,000	23.70%	10.70%
6,500,000	to	7,500,000	25.50%	11.50%
7,500,000	to	8,500,000	27.30%	12.30%
8,500,000	and above		29.20%	13.20%

## Tax Examples

Total Taxable Estate	Taxable Estate After Exclusion	Tax	Difference
\$1,500,000	\$0	\$0	(\$50,000)
\$2,000,000	\$0	\$0	(\$101,250)
\$3,000,000	\$500,000	\$91,000	(\$114,000)
\$7,000,000	\$4,500,000	\$878,000	\$210,500
\$15,000,000	\$12,500,000	\$3,030,000	\$1,127,500

## Current Law

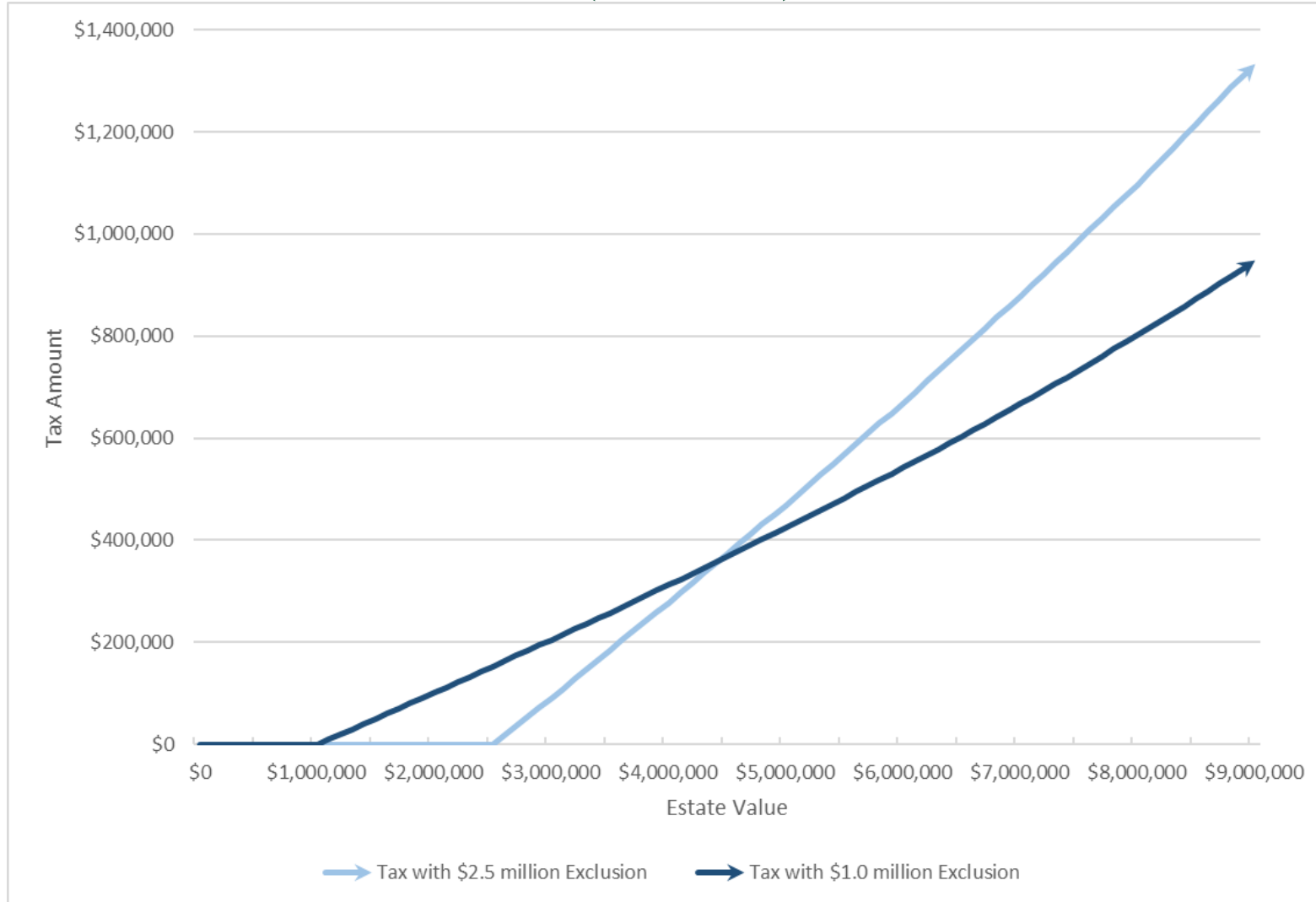
Total Taxable Estate	Taxable Estate After Exclusion	Tax
\$1,500,000	\$500,000	\$50,000
\$2,000,000	\$1,000,000	\$101,250
\$3,000,000	\$2,000,000	\$205,000
\$7,000,000	\$6,000,000	\$667,500
\$15,000,000	\$14,000,000	\$1,902,500

## Revenue Loss Less than 0.1%

\*Rates are current-law rates adjusted for revenue loss (multiply by about 1.82) then rounded to 1/10<sup>th</sup> of a percent, with slight adjustments to bring estimated revenue loss to less than 0.1%

# Graphical Comparison for individual estates

## \$1 million exclusion (current) vs. \$2.5 million with increased rates



Note: Crossover point for this example is about \$4.426 million

Estates below crossover value pay less versus current tax structure, those above pay more

# Example of adding “Subject Threshold” distinct from Exclusion Amount -New Terminology

**Subject Threshold** – Threshold Estate Value above which Estate is subject to tax

**Exclusion**– Estate Value excluded from Tax

Increasing Subject Threshold higher than Exclusion mitigates revenue loss

Example: Estates over \$2.5 million are subject to tax, but tax is calculated on value over \$1 million

# Tax Year 2023

## Policy Example:

### “Subject Threshold” moved to \$2.5 million

Maintain current \$1  
million exclusion

Taxable Estate	Number of Returns	Current Law Tax (\$ million)	% of Tax
a) Less than \$1 million	923	\$0.0	0.0%
b) 1m-1.5m	1,003	\$17.2	4.5%
c) 1.5m-2.5m	634	\$54.0	14.0%
d) 2.5m-3.5m	244	\$43.1	11.2%
e) 3.5m-4.5m	107	\$29.3	7.6%
f) 4.5m-5.5m	70	\$26.7	6.9%
g) 5.5m-6.5m	40	\$16.3	4.2%
h) 6.5m-7.5m	13	\$7.3	1.9%
i) 7.5m-9.5m	33	\$22.7	5.9%
j) more than 9.5m	67	\$167.9	43.7%
<b>Total</b>	<b>3,134</b>	<b>\$384.6</b>	<b>100.0%</b>

Tax with \$2.5 Million Subject Threshold	% of Tax
\$0.0	0.0%
\$0.0	0.0%
\$0.0	0.0%
\$43.1	13.8%
\$29.3	9.4%
\$26.7	8.5%
\$16.3	5.2%
\$7.3	2.3%
\$22.7	7.2%
\$167.9	53.6%
<b>\$313.4</b>	<b>100.0%</b>
<b>Reduction \$71.2 million (18.5%)</b>	

**Estates with Taxable Value of \$2.5 million or more taxed at current rates starting from \$1 million**  
**Estates with Taxable Value below \$2.5 million are not subject to tax, and pay \$0**

This example policy creates a "cliff" effect. Estates valued at \$2.499 million pay zero, and those at \$2.5 million pay \$152,500  
The policy could be modified to create a phase-in of tax, or other changes.

# \$2.5 Million Subject Threshold Maintain \$1 million Exclusion (Preliminary Estimate)

## \$1.0 million exclusion

### \$2.5 million Subject Threshold

Taxable Estate				Difference
(After Exclusion)			Tax Rate	
-	to	500,000	10.00%	0%
500,000	to	1,500,000	10.25%	0%
1,500,000	to	2,500,000	10.50%	0%
2,500,000	to	3,500,000	11.00%	0%
3,500,000	to	4,500,000	11.50%	0%
4,500,000	to	5,500,000	12.00%	0%
5,500,000	to	6,500,000	13.00%	0%
6,500,000	to	7,500,000	14.00%	0%
7,500,000	to	8,500,000	15.00%	0%
8,500,000	and above		16.00%	0%

Reduction of about 18.5% of Tax Liability  
For Tax Year 2023 that would have been about \$71 Million

## Tax Calculation

### \$2.5M Subject Threshold, \$1M exemption

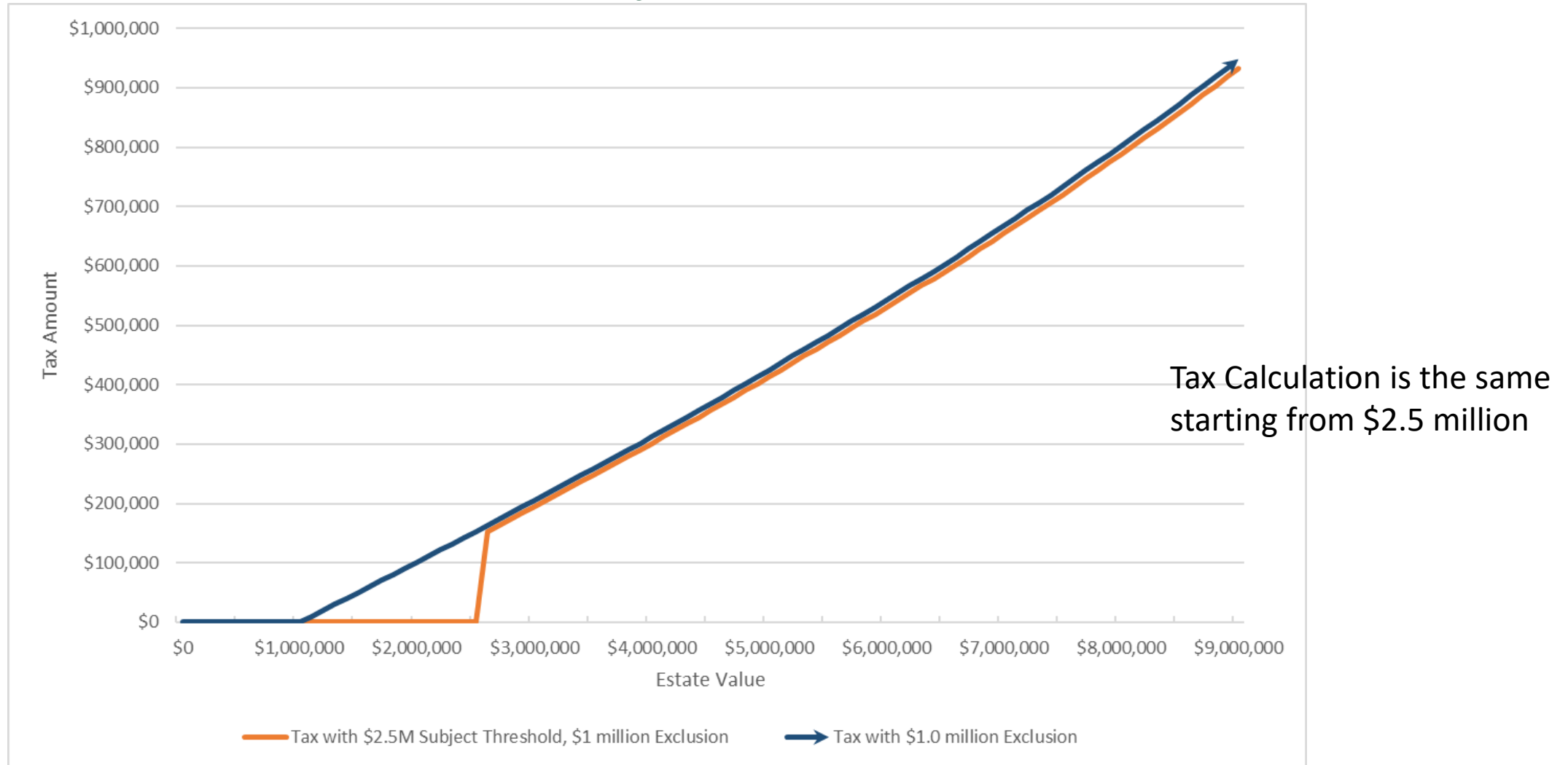
Total Taxable Estate	Taxable Estate After Exclusion	Tax	Difference
\$1,500,000	\$500,000	\$0	(\$50,000)
\$2,000,000	\$1,000,000	\$0	(\$101,250)
\$3,000,000	\$2,000,000	\$205,000	\$0
\$7,000,000	\$6,000,000	\$667,500	\$0
\$15,000,000	\$14,000,000	\$1,902,500	\$0

### Current Law

Total Taxable Estate	Taxable Estate After Exclusion	Tax
\$1,500,000	\$500,000	\$50,000
\$2,000,000	\$1,000,000	\$101,250
\$3,000,000	\$2,000,000	\$205,000
\$7,000,000	\$6,000,000	\$667,500
\$15,000,000	\$14,000,000	\$1,902,500

# Graphical Comparison for individual estates

## Current Law vs. \$2.5 M Subject Threshold, and \$1M Exclusion



# \$2.5 Million Exclusion Threshold starting Tax Year 2026, Change Rates to reduce impact (Preliminary Estimate)

## \$1.0 million exclusion and new rates

### \$2.5 million Subject Threshold

Taxable Estate				Difference
(After Exclusion)			Tax Rate	
-	to	500,000	12.3%	2.3%
500,000	to	1,500,000	12.6%	2.3%
1,500,000	to	2,500,000	12.9%	2.4%
2,500,000	to	3,500,000	13.5%	2.5%
3,500,000	to	4,500,000	14.1%	2.6%
4,500,000	to	5,500,000	14.7%	2.7%
5,500,000	to	6,500,000	16.0%	3.0%
6,500,000	to	7,500,000	17.2%	3.2%
7,500,000	to	8,500,000	18.4%	3.4%
8,500,000	and above		19.6%	3.6%

## Tax Examples

Total Taxable Estate	Taxable Estate After Exclusion	Tax	Difference
\$1,500,000	\$500,000	\$0	(\$50,000)
\$2,000,000	\$1,000,000	\$0	(\$101,250)
\$3,000,000	\$2,000,000	\$251,534	\$46,534
\$7,000,000	\$6,000,000	\$819,018	\$151,518
\$15,000,000	\$14,000,000	\$2,334,356	\$431,856

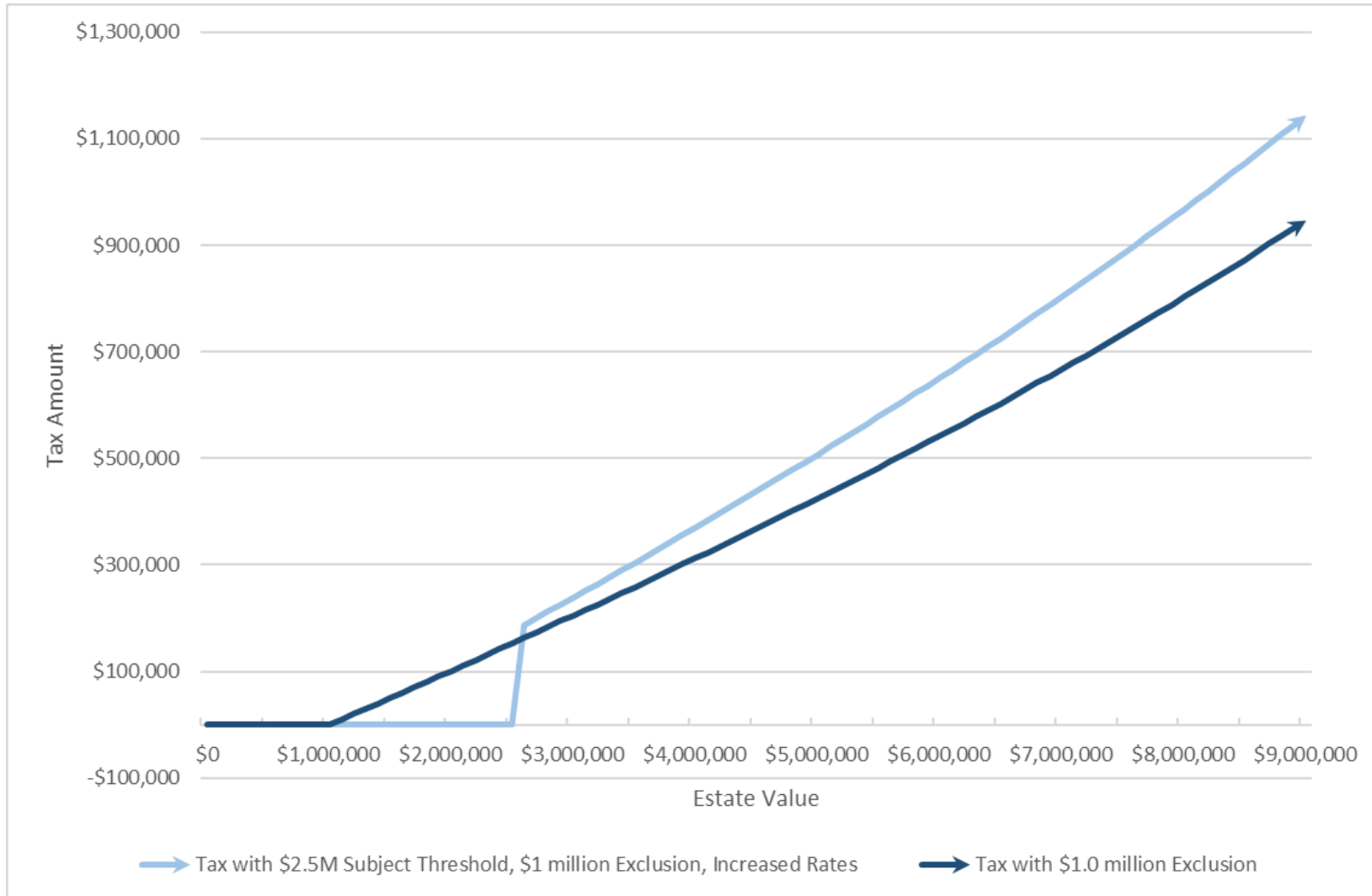
## Current Law

Total Taxable Estate	Taxable Estate After Exclusion	Tax
\$1,500,000	\$500,000	\$50,000
\$2,000,000	\$1,000,000	\$101,250
\$3,000,000	\$2,000,000	\$205,000
\$7,000,000	\$6,000,000	\$667,500
\$15,000,000	\$14,000,000	\$1,902,500

## Revenue Loss Less than 0.1%

\*Rates are current-law rates adjusted for revenue loss (multiply by about 1.23) then rounded to 1/10<sup>th</sup> of a percent, with slight adjustments to bring estimated revenue loss to less than 0.1%.

# Current Law vs. \$2.5 M Subject Threshold, \$1M Exclusion, Increased Rates



Tax calculation is higher starting at \$2.5 million estate value.

\$2.5 million taxable estate would pay an additional \$34,617 in tax (\$187,117 with new policy vs \$152,500 under current law)



# Thank You

