

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

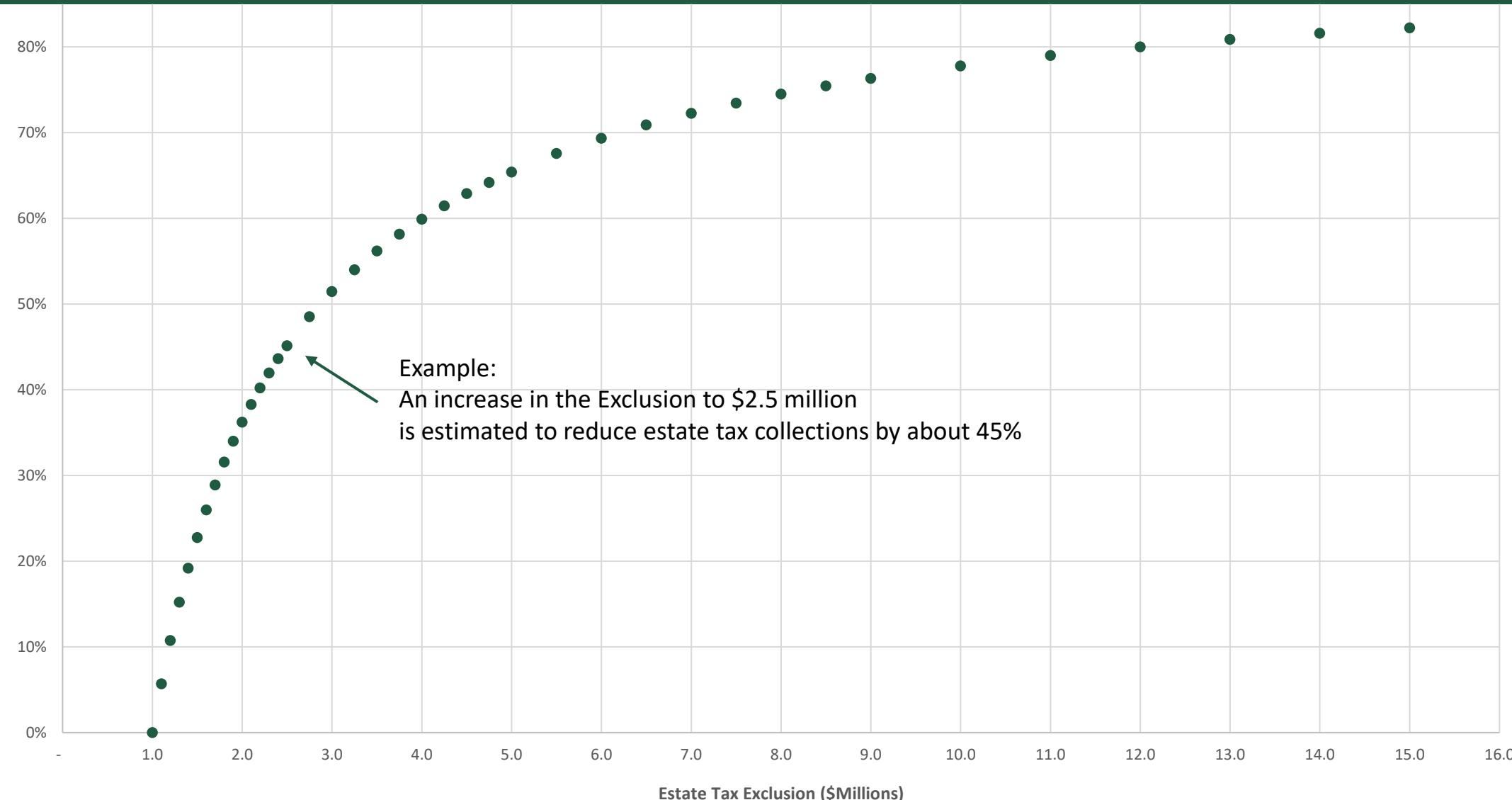
Oregon Current Estate Tax - w/ Explicit Exclusion

Exlusion Amount		\$1,000,000	
Taxable Estate (After Exclusion)		Tax Rate	
-	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

Total Taxable Estate	Taxable Estate After Exclusion	Tax
\$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		Tax Rate	Difference
	(After Exclusion)		
- 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

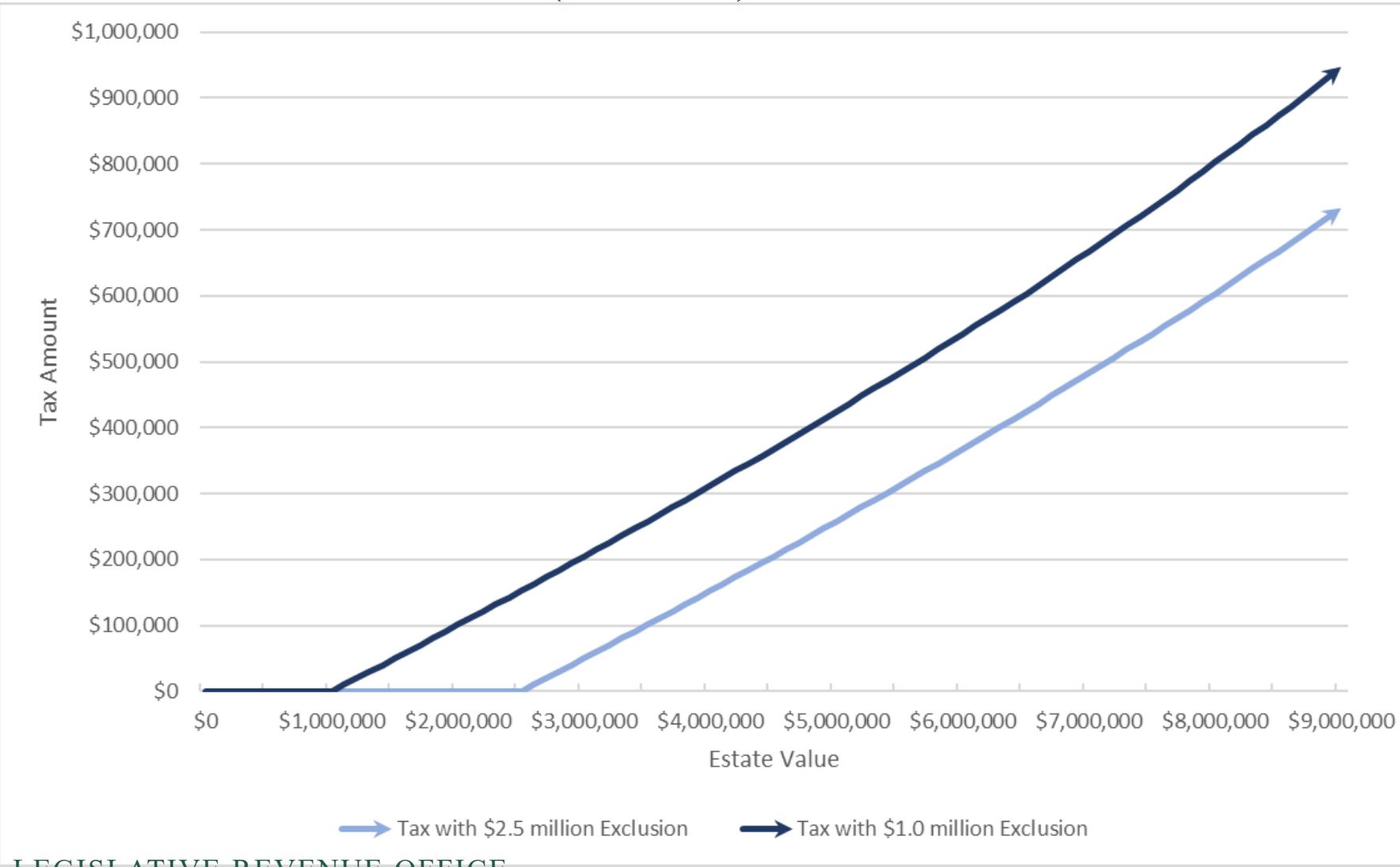
Total Taxable Estate	Taxable Estate After Exclusion	Tax	Difference
\$1,500,000	\$0	\$0	(\$50,000)
\$2,000,000	\$0	\$0	(\$101,250)
\$3,000,000	\$500,000	\$50,000	(\$155,000)
\$7,000,000	\$4,500,000	\$482,500	(\$185,000)
\$15,000,000	\$12,500,000	\$1,662,500	(\$240,000)

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%		
500,000	to	1,500,000	18.70%		
1,500,000	to	2,500,000	19.10%		
2,500,000	to	3,500,000	20.00%		
3,500,000	to	4,500,000	20.90%		
4,500,000	to	5,500,000	21.90%		
5,500,000	to	6,500,000	23.70%		
6,500,000	to	7,500,000	25.50%		
7,500,000	to	8,500,000	27.30%		
8,500,000	and above		29.20%		

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

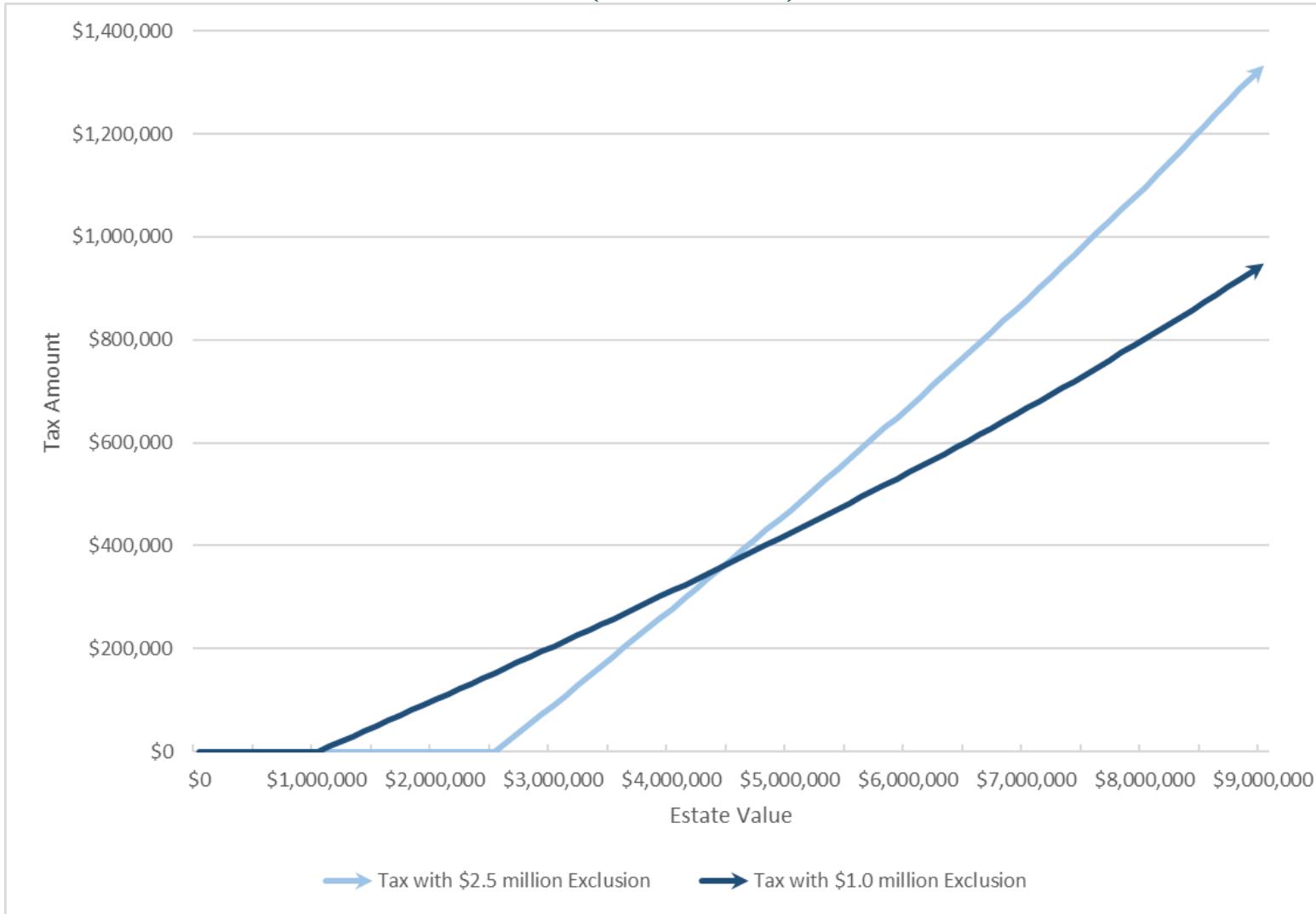
Current Law

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 1/10th 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 with \$2.5 Million Subject Threshold	% of Tax
		Tax (\$ million)	% of Tax		
a) Less than \$1 million	923	\$0.0	0.0%	\$0.0	0.0%
b) 1m-1.5m	1,003	\$17.2	4.5%	\$0.0	0.0%
c) 1.5m-2.5m	634	\$54.0	14.0%	\$0.0	0.0%
d) 2.5m-3.5m	244	\$43.1	11.2%	\$43.1	13.8%
e) 3.5m-4.5m	107	\$29.3	7.6%	\$29.3	9.4%
f) 4.5m-5.5m	70	\$26.7	6.9%	\$26.7	8.5%
g) 5.5m-6.5m	40	\$16.3	4.2%	\$16.3	5.2%
h) 6.5m-7.5m	13	\$7.3	1.9%	\$7.3	2.3%
i) 7.5m-9.5m	33	\$22.7	5.9%	\$22.7	7.2%
j) more than 9.5m	67	\$167.9	43.7%	\$167.9	53.6%
Total	3,134	\$384.6	100.0%	\$313.4	100.0%

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		Tax Rate	Difference
(After Exclusion)			
- 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

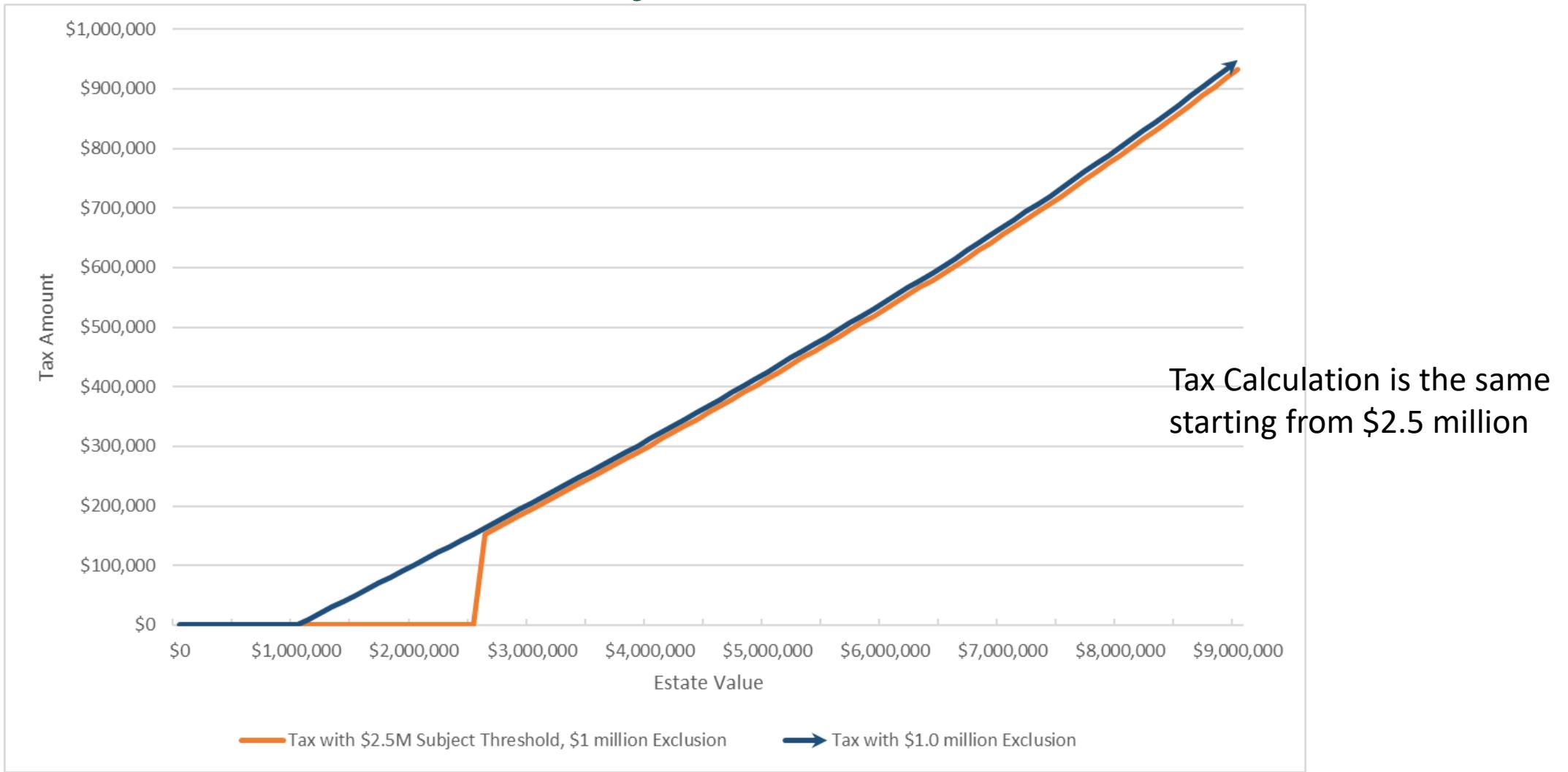
\$2.5M Subject Threshold, \$1M exemption

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		
(After Exclusion)	Tax Rate	Difference
- 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%

Revenue Loss Less than 0.1%

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

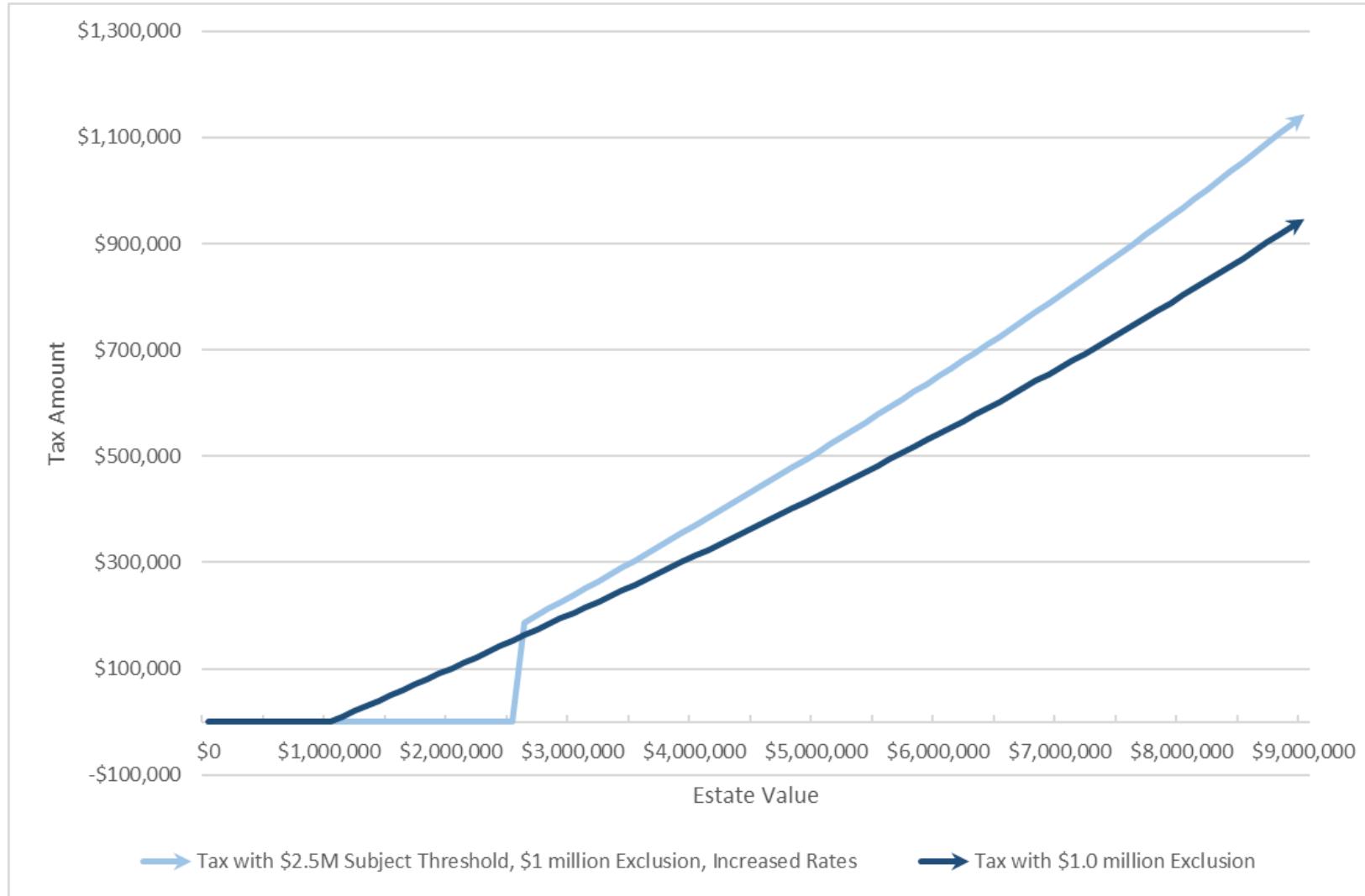
Tax Examples

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

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

