

SENATE AMENDMENTS TO SENATE BILL 485

By COMMITTEE ON FINANCE AND REVENUE

May 16

1 In line 2 of the printed bill, after the semicolon insert “creating new provisions; amending ORS
2 118.145;”.

3 Delete lines 4 through 9 and insert:

4 “**SECTION 1.** ORS 118.145 is amended to read:

5 “118.145. (1) As used in this section:

6 “(a) ‘Family member’ means a person within the third degree of relation, by blood, marriage,
7 adoption, civil union or domestic partnership, to another person.

8 “(b) ‘Materially participate’ means to engage in the active management, as defined in section
9 2032A of the Internal Revenue Code, of a farm business, forestry business or fishing business owned
10 by the decedent on the date of the decedent’s death. The Department of Revenue may adopt rules
11 to administer this section consistent with this definition.

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

13 “(d) **‘Small forestland owner’ means a decedent who owns, throughout the five years
14 immediately prior to the date of the decedent’s death, forestland that is at least 10 acres but
15 fewer than 5,000 acres.**

16 “(2) **Except as provided in subsection (3) of this section,** an interest in natural resource
17 property is exempt from the tax imposed under this chapter if:

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

19 “(b) During at least 75 percent of the days of each of the five calendar years immediately prior
20 to date of the decedent’s death, the decedent or any family member of the decedent materially par-
21 ticipates in the farm business, forestry business or fishing business;

22 “(c) The interest is transferred, as a consequence of the decedent’s death, to one or more family
23 members of the decedent and is subsequently owned by family members of the decedent for at least
24 five consecutive calendar years beginning with the calendar year immediately following the date of
25 the decedent’s death; and

26 “(d) During at least 75 percent of the days of each of the five calendar years immediately fol-
27 lowing the date of the decedent’s death, any family member of the decedent materially participates
28 in the farm business, forestry business or fishing business.

29 “(3) **An interest in natural resource property that is forestland is exempt from the tax
30 imposed under this chapter if:**

31 “(a) **The decedent is a small forestland owner;**

32 “(b) **The forestland property is held by the decedent for at least five years immediately
33 prior to the date of the decedent’s death;**

34 “(c) **During the five calendar years immediately prior to the date of the decedent’s death,
35 the decedent or any family member of the decedent actively manages the forestland property**

1 and maintains documentation of activities that are appropriate or customary silvicultural
2 or management activities given the current phase in the forest management cycle for a
3 parcel of forestland property;

4 “(d) The interest is transferred, as a consequence of the decedent’s death, to one or more
5 family members of the decedent and is subsequently owned by family members of the
6 decedent for at least five consecutive calendar years beginning with the calendar year im-
7 mediately following the date of the decedent’s death; and

8 “(e) During the five calendar years immediately following the date of the decedent’s
9 death, any family member of the decedent actively manages the forestland property and
10 maintains documentation of activities that are appropriate or customary silvicultural or
11 management activities given the current phase in the forest management cycle for a parcel
12 of forestland property.

13 “[3] (4) An additional tax under ORS 118.005 to 118.540 shall be imposed if:

14 “(a) The natural resource property for which an exemption is allowed under this section is,
15 during the five calendar years following the date of the decedent’s death, subsequently sold or oth-
16 erwise transferred to a person other than a family member of the decedent; or

17 “(b) The material participation requirement of subsection (2)(d) or (3)(e) of this section is not
18 met.

19 “[4] (5) The additional liability imposed under subsection [(3)] (4) of this section shall be the
20 amount of additional tax that would have been imposed had the transferred property been included
21 in the decedent’s taxable estate. Upon receiving notice of a subsequent sale or other transfer of
22 property for which an exemption has been claimed, or upon receiving notice that the material par-
23 ticipation requirement of subsection (2)(d) or (3)(e) of this section has not been met, the department
24 shall immediately proceed to collect the additional tax.

25 “[5] (6) An estate claiming the exemption under this section may not claim the credit allowed
26 under ORS 118.140.

27 “[6] (7) The exemption allowed under this section may not exceed \$15 million for the estate.

28 “**SECTION 2. The amendments to ORS 118.145 by section 1 of this 2025 Act apply to es-**
29 **tates of decedents who die on or after January 1, 2026.**

30 “**SECTION 3. This 2025 Act takes effect on the 91st day after the date on which the 2025**
31 **regular session of the Eighty-third Legislative Assembly adjourns sine die.”.**