

Submitter: Andrey Yushkov
On Behalf Of:
Committee: House Committee On Revenue
Measure, Appointment or Topic: HB2301

Madam Chair, members of the Committee,

My name is Andrey Yushkov, I am a Senior Policy Analyst at the Tax Foundation, a nonpartisan think tank based in Washington, DC, that focuses on tax policy issues at all levels of government.

Today I would like to provide brief comments on the House Bill 2301.

Oregon is currently one of only 12 states that impose an estate tax. While Oregon's top rate of 16 percent is not the highest in the nation (Hawaii and Washington, for instance, have a 20 percent top rate), its estate tax exemption of \$1 million is the lowest in the country, 2 times lower than in Washington, 4 times lower than in Illinois, and 13 times lower than in Connecticut. As a result, many middle-income households—whose assets have appreciated in recent years—are subject to the estate tax, not just multimillionaires. Despite the financial and administrative burden it creates for these households, the estate tax generates a relatively small share of state revenue. In the proposed biennial budget, it is expected to bring in about \$700 million, less than 2 percent of general fund revenues.

What do states with estate taxes have in common? Most rank in the bottom half of recent interstate migration rankings. New York, Illinois, Massachusetts, Maryland, and Connecticut consistently fall in the bottom 10 of nearly every such ranking. While Oregon performs slightly better than these states, it still ranks between 31st and 34th in net migration, according to data from the IRS and Census. On net, Oregon loses taxpayers to Arizona, Texas, and Idaho—all of which have no estate tax.

HB 2301 would be a step in the right direction. Reducing the tax rate and increasing the exemption could improve Oregon's competitiveness relative to its neighbors at a relatively modest cost to the state budget and help reduce the outmigration of affluent residents.

If you would like more information on estate and inheritance taxes across the nation and interstate migration trends, you can find detailed resources on the Tax

Foundation website (estate and inheritance taxes by state:

<https://taxfoundation.org/data/all/state/estate-inheritance-taxes/>; interstate migration trends: <https://taxfoundation.org/data/all/state/taxes-affect-state-migration-trends-2024/> and <https://taxfoundation.org/data/all/state/americans-moving-to-states/>).

Thank you!