

## **SB 1511 -3, -4 STAFF MEASURE SUMMARY**

### **Senate Committee On Finance and Revenue**

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**Prepared By:** Jonathan Hart, Economist

**Meeting Dates:** 2/11, 2/18

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#### **WHAT THE MEASURE DOES:**

Requires Legislative Revenue Officer to study the estate tax and review options for modifying the exemption threshold and tax rates. Requires report to an interim legislative committee related to revenue by December 1, 2027.

#### **ISSUES DISCUSSED:**

- Recent increase in number of Estates that pay tax, and amount of tax paid
- Impact of estate tax on small and family businesses
- Oregon's estate tax policy compared to other states
- Impact of inflation on home and other asset values
- Income tax policy of capital gains step-up in basis on inherited property

#### **EFFECT OF AMENDMENT:**

-3 Replaces bill

Converts existing \$1 million estate tax exemption threshold to a deduction from estate value before calculation of tax. Establishes a new tax table with increased tax rates. Requires a phase-in of estate tax liability, as calculated from the tax tables, beginning at zero percent at the \$2.5 million subject threshold and increasing to 100 percent for estate value exceeding the threshold by \$500,000. Specifies that estates with gross value below \$2.5 million do not have to file a tax return starting in 2027. Adjusts \$2.5 million subject threshold and the filing threshold for inflation beginning in 2028. Applies to deaths occurring on or after January 1, 2027. Takes effect 91 days after sine die.

-4 Replaces bill

Provides an additional \$1.5 million estate tax exemption as a deduction, establishing a new combined exemption amount at \$2.5 million. Specifies that estates with gross value below \$2.5 million do not have to file a tax return starting in 2027. Adjusts \$2.5 million combined exemption and the filing threshold for inflation beginning in 2028. Applies to deaths occurring on or after January 1, 2027. Takes effect 91 days after sine die.

#### **BACKGROUND:**

Since 2012, Oregon estate tax returns are required from resident taxpayers with gross estate value of \$1 million or more, or from nonresidents with real or tangible property in Oregon and gross estate value of \$1 million or more. After deductions including funeral expenses, debt, and bequests to a spouse or charity, \$1 million of taxable estate value is exempt from the Oregon estate tax.

More historical information and statistics are available in the Department of Revenue, Research Section estate tax publication available at [www.oregon.gov/dor/stats](http://www.oregon.gov/dor/stats).