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House Committee on Revenue
Oregon House of Representatives

Re: SB 1511-3 Oregon Estate Tax

Dear Chair Nathanson and Members of the House Committee on Revenue:

I am an Oregon attorney with more than 35 years of experience in estate planning and administration. I regularly work with families and as a volunteer in tax related matters. I am the former chair of the Oregon State Bar Estate Planning and Estate Administration Section, although I do not appear in that role today.

I reviewed SB1511-3 with concern. The most important issue is whether legislators understand the practical impact of legislative decisions. It is also important to make the law understandable to the public and tax professionals. Below is the practical information about SB 1511-3.

Below are the effective rates on the first \$500,000 above \$2.5m in SB1511-3. "ETA" is "Effective Taxable Amount."

Estate	ETA	Tax	Rate on ETA	Approximate Marginal Rate
\$2,500,000	\$0	\$0	0.00%	0.00%
\$2,500,001	\$1	\$0.39	38.75%	38.75%
\$2,525,000	\$25,000	\$9,856	39.43%	39.43%
\$2,550,000	\$50,000	\$20,050	40.10%	40.78%
\$2,575,000	\$75,000	\$30,581	40.78%	42.13%
\$2,600,000	\$100,000	\$41,450	41.45%	43.48%
\$2,625,000	\$125,000	\$52,656	42.13%	44.83%
\$2,650,000	\$150,000	\$64,200	42.80%	46.18%
\$2,675,000	\$175,000	\$76,081	43.48%	47.53%
\$2,700,000	\$200,000	\$88,300	44.15%	48.88%
\$2,725,000	\$225,000	\$100,856	44.83%	50.23%
\$2,750,000	\$250,000	\$113,750	45.50%	51.58%
\$2,775,000	\$275,000	\$126,981	46.18%	52.93%
\$2,800,000	\$300,000	\$140,550	46.85%	54.28%
\$2,825,000	\$325,000	\$154,456	47.53%	55.63%
\$2,850,000	\$350,000	\$168,700	48.20%	56.98%
\$2,875,000	\$375,000	\$183,281	48.88%	58.33%
\$2,900,000	\$400,000	\$198,200	49.55%	59.68%
\$2,925,000	\$425,000	\$213,456	50.23%	61.03%
\$2,950,000	\$450,000	\$229,050	50.90%	62.38%
\$2,975,000	\$475,000	\$244,981	51.58%	63.73%
\$3,000,000	\$500,000	\$261,250	52.25%	65.08%
\$3M - \$3.5M				13.50%

The questions the Legislators should be asking themselves are these:

1. Does the Legislature understand this?
2. Does the Legislature really mean to establish a rate of between 38.75% and 63.73% on the first \$500,000 over \$2.5 Million?
3. There is a great deal of confusion in this legislation. It is not well written. Confusion creates difficulties in implementation. There are a substantial number of responsible tax professionals who are uncomfortable with the bill. The public policy decision on the right amount to tax is separate from the public policy decision on making the law transparent and easy to understand. Can you understand it without a complex explanation from the economists? Will your constituency be able to understand it?
4. Is there a good public policy reason to implement this confusing and unusual tax structure beyond the need for revenue and the appearance that it is revenue neutral?
5. Is this bill the correct solution or is an easier to understand, transparent law the proper thing to do?
6. There are other options that are more transparent and equitable. Do you know what those options are?

If you need assistance from the tax professionals to explore the options, there are a number of professionals willing and able to work with you to improve the estate tax system. These are professionals that recognize the need for revenue and at the same time recognize the need for good public policy with practical, understandable laws.

Sincerely,

Heather O. Gilmore

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