



TESTIMONY ON SB 1560
BEFORE THE SENATE FINANCE
AND REVENUE COMMITTEE

February 13, 2020

Chair Hass and Members of the Committee:

Oregon Business & Industry (OBI) is the largest statewide business organization representing approximately 1,600 businesses that employ nearly 300,000 Oregonians. Our members cover virtually every industry in Oregon, and more than 80 percent of them are small businesses with fewer than 100 employees.

OBI is submitting this testimony in support of SB 1560, which increases the estate tax exemption for estates under \$6.5 million. Current law exempts the first \$1 million of an estate from tax. It is our understanding that the legislation would increase this threshold to \$2.5 million and then provide an additional exemption for estates between \$2.5 million and \$6.5 million in value. The additional exemption would vary based on the value of the estate. While OBI supports a full repeal of the estate tax, this legislation is a step in the right direction.

Oregon is one of only a handful of states with an estate tax and, at \$1 million, has the lowest threshold in nation for when the tax first takes effect. This is particularly onerous for Oregon farmers and small businesses as even the smallest farms and businesses can accumulate \$1 million in value. In fact, according to the Legislative Revenue Office's *2020 Oregon Public Finance: Basic Facts*, 83% of the Oregon estate tax returns filed in 2017 were for taxable estates of less than \$2.5 million.

There is evidence that the estate tax is incentivizing some small business owners to relocate to other states and discouraging others from starting operations in Oregon in the first place. This not only leads to a loss of jobs here in Oregon but also a loss of income, payroll and other tax revenue as well. This is significant, because the amount of revenue collected by the state through the estate tax is such a small percentage – roughly 2% – of all state revenue collected each year. The state should not trade a small amount of estate tax revenue for a larger amount of potential income and payroll tax revenue.

For these reasons, OBI supports HB 1560 and urges the committee to pass the legislation today. Thank you for your consideration.

Sincerely,

Mike Stober
Director of Tax and Fiscal Policy
Oregon Business & Industry