

SB 939 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Sub-Referral To: Joint Committee On Tax Expenditures

Meeting Dates: 3/14

WHAT THE MEASURE DOES:

Allows additional estate tax exclusion of \$1 million if predeceased spouse did not claim a deduction for Oregon Special Marital Property. Creates additional estate tax exclusion of \$300 thousand. Adds inflation adjustment for \$1 million estate tax exclusion. Applies to estates of decedents who die on or after January 1, 2024. Takes effect on 91st day after adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

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 estate value is excluded from the Oregon estate tax.

SB 939 would make several changes to the estate tax exclusion. One change is intended to add "portability" of the estate tax exclusion amount to a surviving spouse. If the estate of the first spouse does not owe tax, then that estate may not have made use of the first spouse's potential exclusion. "Portability" would allow an additional estate tax exclusion for the surviving spouse's estate based on the unused portion of the predeceased spouse's estate tax exclusion.

The other changes in SB 939 would add to the existing \$1 million estate tax exclusion amount by adding \$300,000 to incorporate inflation changes from the enactment of the current estate tax to 2023, and an inflation adjustment based on \$1 million starting in 2024.