

SB 456 -1 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 5/15

WHAT THE MEASURE DOES:

Repeals the estate tax for estates of decedents dying after December 31, 2022. Takes effect on 91st day after adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Replaces bill.

Increases exemption amount for estate tax from \$1 million to \$1.5 million. Changes how tax is calculated by creating an equivalent calculation by first deducting exempt amount from taxable estate, and then using tax table modified to start at taxable estate of zero rather than having a zero rate bracket up to the exempt amount. Applies to estates of decedents with dates of death on or after January 1, 2024.

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.

Note that the current-law exemption is embedded in the tax rate tables as an implicit tax bracket from \$0 to \$1 million with a zero tax rate. The -1 amendment implements the specified exemption as a deduction from estate value prior to using the tables to calculate tax, and modifies the tables to adjust for this change. The change results in an equivalent tax calculation given the \$1.5 million exemption amount in this amendment.