

## Estate Tax Natural Resource Credit/Exclusion Comparison of Current Law Credit to SB 498 A

|                                                                    | <b>Natural Resource Credit<br/>(Current Law)</b>                                                     | <b>SB 498 A</b>                                                                                                            |
|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| <b>Natural Resource Property Definition</b>                        | ORS 118.140                                                                                          | ORS 118.140                                                                                                                |
| <b>Definition of Family Member</b>                                 | Internal Revenue Code Section 2032A<br>Ancestors/descendants, descendants of parents                 | 3rd Degree of Relation<br>Ancestor up to Great Grandparent, Descendants down to<br>Great Grandchild, Sibling, Niece/Nephew |
| <b>Maximum Value Of Natural Resource Property</b>                  | \$7.5 million                                                                                        | \$15 million                                                                                                               |
| <b>Maximum Value of Estates</b>                                    | \$15 million adjusted gross estate                                                                   | No limit                                                                                                                   |
| <b>Minimum portion of estate that is Natural Resource Property</b> | 50%                                                                                                  | No limit                                                                                                                   |
| <b>Ownership Requirement</b>                                       | 5 of 8 years prior to death,<br>and 5 of 8 years after death                                         | 5 year prior to death,<br>and 5 years after death                                                                          |
| <b>Family Member Material Participation</b>                        | 5 of 8 years prior to death,<br>and 5 of 8 years after death                                         | 75% of 5 year prior to death,<br>and 75% of 5 years after death                                                            |
| <b>Form of Tax Reduction</b>                                       | Tax is reduced in proportion to Natural Resource Property<br>value as fraction of total estate value | Tax is calculated after subtracting Natural Resource<br>Property value from taxable estate value                           |
| <b>Recapture</b>                                                   | Portion of 5 years not in use<br>multiplied by Difference in Tax                                     | Difference in Tax                                                                                                          |