

Requested by SENATE COMMITTEE ON FINANCE AND REVENUE

**PROPOSED AMENDMENTS TO
SENATE BILL 498**

1 On page 1 of the printed bill, delete lines 6 through 15 and insert:

2 **“SECTION 2. (1) As used in this section:**

3 **“(a) ‘Family member’ means a person within the third degree of**
4 **relation, by blood, marriage, adoption, civil union or domestic part-**
5 **nership, to another person.**

6 **“(b) ‘Materially participate’ means to engage in the active man-**
7 **agement, as defined in section 2032A of the Internal Revenue Code, of**
8 **a farm business, forestry business or fishing business owned by the**
9 **decedent on the date of the decedent’s death. The Department of**
10 **Revenue may adopt rules to administer this section consistent with**
11 **this definition.**

12 **“(c) ‘Natural resource property’ has the meaning given that term**
13 **in ORS 118.140.**

14 **“(2) An interest in natural resource property is exempt from the tax**
15 **imposed under this chapter if:**

16 **“(a) The property is held by a decedent for at least five years before**
17 **the death of the decedent;**

18 **“(b) During at least 75 percent of the days of each of the five cal-**
19 **endar years immediately prior to date of the decedent’s death, the**
20 **decedent or any family member of the decedent materially participates**
21 **in the farm business, forestry business or fishing business;**

1 “(c) The interest is transferred, as a consequence of the decedent’s
2 death, to one or more family members of the decedent and is subse-
3 quently owned by family members of the decedent for at least five
4 consecutive calendar years beginning with the calendar year imme-
5 diately following the date of the decedent’s death; and

6 “(d) During at least 75 percent of the days of each of the five cal-
7 endar years immediately following the date of the decedent’s death,
8 any family member of the decedent materially participates in the farm
9 business, forestry business or fishing business.

10 “(3) An additional tax under ORS 118.005 to 118.540 shall be imposed
11 if:

12 “(a) The natural resource property for which an exemption is al-
13 lowed under this section is, during the five calendar years following
14 the date of the decedent’s death, subsequently sold or otherwise
15 transferred to a person other than a family member of the decedent;

16 or

17 “(b) The material participation requirement of subsection (2)(d) of
18 this section is not met.

19 “(4) The additional liability imposed under subsection (3) of this
20 section shall be the amount of additional tax that would have been
21 imposed had the transferred property been included in the decedent’s
22 taxable estate. Upon receiving notice of a subsequent sale or other
23 transfer of property for which an exemption has been claimed, or upon
24 receiving notice that the material participation requirement of sub-
25 section (2)(d) of this section has not been met, the department shall
26 immediately proceed to collect the additional tax.

27 “(5) An estate claiming the exemption under this section may not
28 claim the credit allowed under ORS 118.140.

29 “(6) The exemption allowed under this section may not exceed \$15
30 million for the estate.”.

1 On page 3, line 10, after the period insert “Section 2 of this 2023 Act
2 and”.

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