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June 22, 2023

To: The House Committee on Revenue
From: Anthony K. Smith, National Federation of Independent Business
Re: NFIB Written Testimony in Support of SB 498 A

Chair Nathanson, Vice-Chairs Reschke and Walters, and Members of the Committee:

On behalf of the thousands of Oregon small business members of the National Federation of Independent Business, many being the smallest of small businesses, I would like to express NFIB's support for SB 498 A, which sets a \$15 million estate tax exemption threshold for small businesses in the farm, forestry, and fishing industries.

At its worst the estate tax can tax a family right out of business. For estates comprised mainly of illiquid assets, like land or a building, coming up with the cash to pay the tax can be a major challenge.

NFIB has hundreds of Oregon members engaged in agriculture and the natural resources sector – and this bill is a great first step in addressing an inevitable problem for multigenerational family businesses. The legislation will simplify a very complicated process for these taxpayers – and for their heirs who want to continue operating the family business but are unprepared to pay a sizable estate tax.

Over the last decade, estate tax revenues in Oregon have doubled – and not because a steady influx of billionaires moved to Oregon to enjoy their retirement years. Rather, during that same timeframe, the number of Oregon taxpayers subject to the tax has also nearly doubled, meaning more and more Oregonians are paying a tax that was once paid only by a small number of very wealthy individuals.

A key factor driving this stark increase is surging real property values, especially homes, which have an outsized impact on the overall value of estates – and that's true for small business owners, including those engaged in agriculture, but also for Oregonians in general. Now imagine the average small businessperson, who in addition to their home also owns their business, and in many cases, the real property that the business sits on. Therein lies the problem.

Eighty-eight percent of NFIB members in Oregon support the complete elimination of Oregon's estate tax. SB 498 A takes a different approach, but it's a modest step in the right direction and, hopefully, the beginning of a thoughtful dialogue about Oregon's estate tax.

NFIB respectfully asks you to support SB 498 A.

Thank you for your time and consideration,



Anthony K. Smith
NFIB Oregon State Director