

February 9, 2022

Testimony from: Brad Dennis, Albany Oregon

HB 2624: Allows additional estate tax exclusion of \$1Million

Dear Chair Nathanson and Vice-Chairs Reschke & Walters:

I am testifying today in support of HB 2624. Let's review the current estate tax situation. According to Kiplinger magazine and the Tax Foundation, 33 states do not tax the assets of a deceased individual. The Oregon government evidently feels that they are due a cut of the assets, so that individuals are unable to pass on the full value of their estate to their heirs and charities. Also, according to these sources, Oregon and Massachusetts are the greediest of the few states that do have an estate tax. Both Oregon and Massachusetts currently allow only a \$1 million exclusion from a person's estate. For many people, their house value has grown to \$1 million or more in the last few years, making many people subject to this tax.

The state of Washington also has an estate tax. But, the state of Washington has an exclusion of \$2.2 million and it is indexed for inflation. HB 2624 would make Oregon's estate tax similar to Washington's estate tax. Going east, you would have to go to Minnesota in order to find the next closest state that taxes their citizens' estates. Minnesota has a \$3 million exclusion.

So, HB 2624 is a step in the right direction. As you are probably aware, there are other bills in the House and Senate that have not yet been heard that either provide for a \$2 million exemption or just eliminate the death tax altogether.

Let's take a look at how much the Oregon government rakes in from the estate tax.

According to information I reviewed in the "**2022 Oregon Public Finance: Basic Facts**" publication (published by the Legislative Revenue Office), Oregon took in about \$312 million in estate taxes in the latest reported fiscal year. The breakdown of this revenue shows that 51% of the estate tax (\$160 m) was received from 34 large estates that exceeded \$9.5 million. On the smaller end of the scale, 4% of the total death tax was received from 826 small estates that were between 1m and 1.5m. This amounted to \$13 million in collections or about \$16,000 per estate.

In other words, the state is vigorously pursuing a large number of small estates to collect a relatively small amount of money, when compared to the governor's budget proposal.

After people have worked a lifetime to accumulate their total estate, they should be able to dispose of it according to their desires. I recommend that the legislature pass this bill. And then, please pass HB2724 to completely eliminate the estate tax as 33 other states have done.

In the absence of estate tax reform, I would advise people seeking to avoid Oregon's estate tax to consider two options:

1. Move to Idaho, Texas, Florida or any of the 33 states that do not tax your estate
2. Do your charitable giving and estate distribution before you die – to reduce the value of your estate to the minimum taxable amount.

Thank you for the opportunity to testify today.

Does Your State Have an Estate or Inheritance Tax?

State Estate & Inheritance Tax Rates & Exemptions in 2022

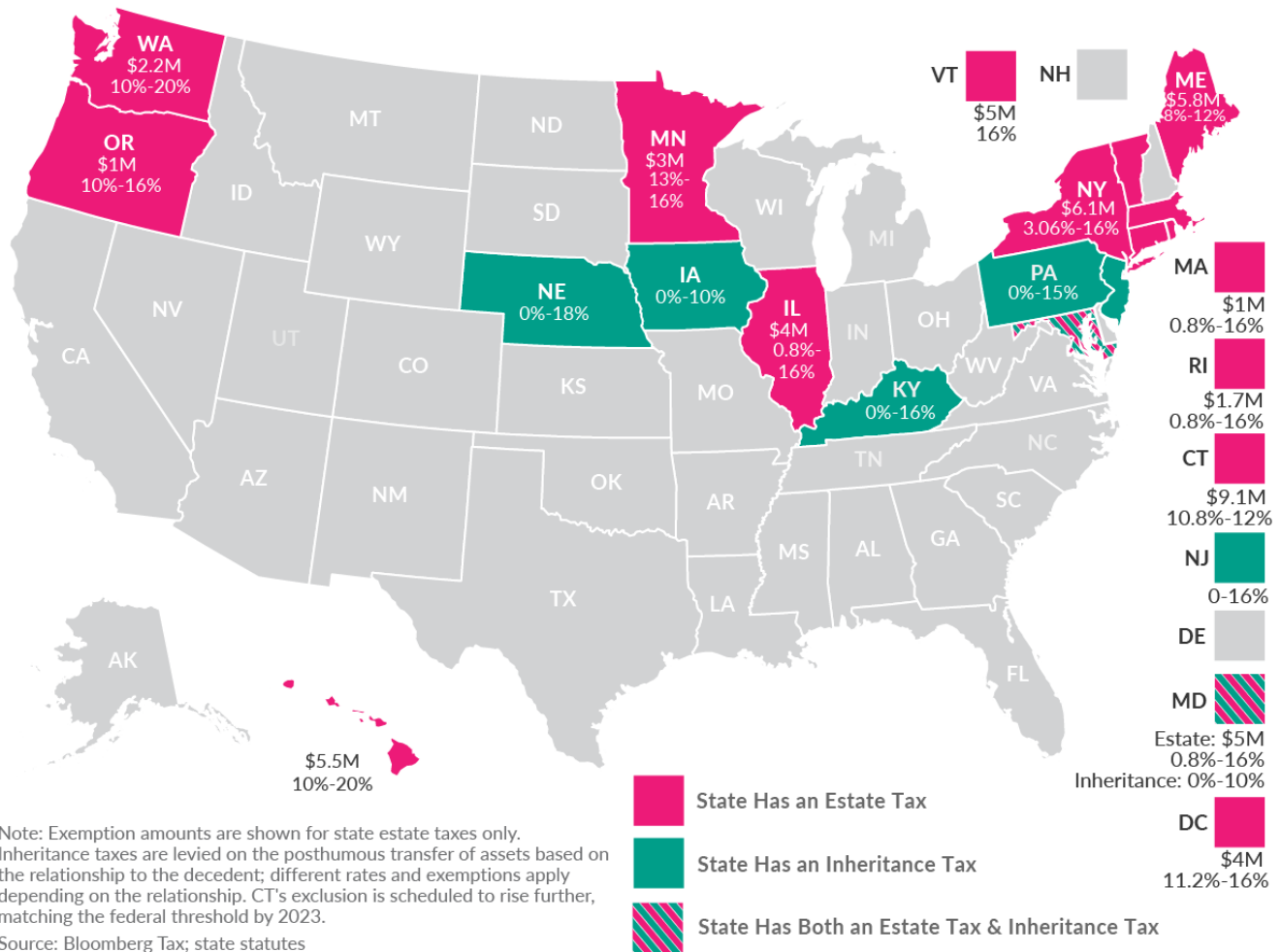


Exhibit F1

Estate Value in OR in \$ ¹	Number of Estates	Num of Returns as % of total	Payable Tax	Tax as a % of total
Less than \$1 million	654	28%	\$ -	0%
1m - 1.5m	826	36%	\$ 13,626,114	4%
1.5m - 2.5m	475	20%	\$ 40,532,032	13%
2.5m-3.5m	143	6%	\$ 25,151,857	8%
3.5m-4.5m	81	3%	\$ 19,225,032	6%
4.5m-5.5m	48	2%	\$ 17,540,306	6%
5.5m-6.5m	21	1%	\$ 10,153,163	3%
6.5m-7.5m	19	1%	\$ 10,895,593	3%
7.5m-9.5m	25	1%	\$ 14,899,832	5%
more than 9.5m	34	1%	\$ 160,142,214	51%
Total	2,326	100%	\$312,166,143	100%

¹Includes value of estate in OR only. Tax is paid on estates in OR worth less than \$1m so long as gross estate, total value of estate inside and outside OR, is valued over \$1m.

Please also see: <https://www.kiplinger.com/slideshow/retirement/t021-s001-states-with-no-estate-taxes-or-inheritance-taxes/index.html>