



HB 2624: Reject increased estate tax exemptions

House Revenue Committee – 2/9/2022 – Bennett Minton

I'm Bennett Minton with Tax Fairness Oregon, a network of volunteers who advocate a rational and equitable tax code.

As Senator Hansell noted, some 15 estate tax bills have been introduced this year. Their sponsors attend to those who won the birth lottery and stand to inherit more than \$1 million.

If Oregon housed its citizens, paid our teachers appropriately, supported our police forces adequately, had a mental health service system not ranked 50th among the states, subsidized colleges the way we did 40 years ago so that graduates didn't carry crushing debt burdens, and provided a functioning criminal justice system with public defense attorneys, we might better relate to their concern.

But compared to any other crying need in our society, it doesn't rank.

In 2019, the estate tax provided \$312 million in revenue from 1,672 estates, or less than 5% of decedents. Forty-seven estates used the natural resource exemption, which is more comprehensive and protects the heirs of family farms and ranches.

It's often noted in these hearings that decedents' homes may be valued at more than one million dollars. But virtually all of these inheritors have their own homes, and virtually all of the homes have substantial if not 100% equity. So these advocates are asking other Oregonians, one-third of whom rent, to provide tax-free inheritances to a tiny fraction of their neighbors.

On a personal note, I benefitted from a grant aunt's estate. Aunt Grace was a poster child for opponents of the estate tax: She built a successful ranch with her hands and was worth more than \$20 million when she died in 1999, without children, but with lots of nieces and nephews who did have children. I was one of them.

At the time of her death, the federal exemption was \$600,000, and the rate was 55%. It bothers me not at all that my mother got a fat check after the estate paid the tax, as did her four children. No one could be less deserving of free money than Aunt Grace's heirs. They did nothing to build that ranch.

No heir deserves tax-free assets because of the accident of birth. We grant a million-dollar exception to the principle that *income is income and should be so taxed* because it's a practical hassle to impose the costs of estate planning on citizens and the government below a certain level of inherited wealth.

Proponents like to compare the estate among states. One, they ignore the context in which states have varying tax structures. Two, for 25 years, Congress and many states have shifted wealth to the wealthy and cut services to everyone else. With respect to the estate tax, we hope Oregon is at the front end of a reverse swing.

We urge the legislature attend to the real problems of the state.

We read the bills and follow the money