



Date: May 15, 2023

To: Chair and Members of the Senate Finance and Revenue Committee

From: Scott Bruun, OBI

RE: Testimony in support of SB 456 -1 / Estate Tax Exemption Increase

Chair Meek and Members of the Committee,

I am Scott Bruun, director of tax, fiscal and manufacturing policy for Oregon Business & Industry. OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians.

Thank you for the opportunity to testify, OBI enthusiastically supports SB 456, and we also support the -1 amendments.

As you know, current Oregon law only exempts the first \$1 million of a deceased's property value prior to estate taxation. This makes Oregon one of only two states at this low exemption level, meaning that bereaved Oregon families pay the nation's highest estate taxes. This is harmful policy, and also one of the several tax-related reasons which serve to drive families and businesses out of Oregon. With the recent news that Massachusetts has moved to raise its exemption level to \$2 million, Oregon now has the worst estate tax in the country. Oregon may be a good place to live, but it is absolutely the worst place to die.

It's worth noting again that Oregon's estate tax not only has a very low exemption level, it also has exasperatingly high rates. The top estate tax rate in Oregon is 16%, compared to the top income tax rate which is 9.9%.

We have testified before that at a minimum, Oregon should raise its exemption to \$2 million and index for inflation. This would create virtual parity with Washington and at least serve to mitigate some of the incentives for Oregonians to relocate to Clark County, Portland's fastest growing suburb.

While painfully moderate, we can still support the -1 amendments which would raise the exemption level to \$1.5 million. We must note that the -1s lack inflation indexing, and the increased \$500K exemption would still make Oregon's estate tax the worst in the nation. With possible passage of SB 456-1, the larger conversation about the harmful, even punitive aspects of Oregon's estate tax must continue.

Thank you for the opportunity to testify.

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