

**SB 764 STAFF MEASURE SUMMARY**

**Senate Committee On Finance and Revenue**

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**Prepared By:** Jonathan Hart, Economist

**Meeting Dates:** 2/12

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**WHAT THE MEASURE DOES:**

Creates an exemption from the Estate Tax for any interest in a family-owned farm or business that is held by a decedent for at least one year prior to death and is transferred at the time of death to one or more family members. Specifies that the business must be 75 percent owned by family members, and that estates may not use the new exemption with with the existing credit or deduction for natural resource property.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Since 2012, Oregon estate tax returns are required from resident taxpayers with gross estate value of \$1 million or more, or from nonresidents with real or tangible property in Oregon and gross estate value of \$1 million or more. After deductions including funeral expenses, debt, and bequests to a spouse or charity, \$1 million of taxable estate value is exempt from the Oregon estate tax.

Oregon has two existing provisions that potentially reduce taxes for estates with natural resource property. A credit is available to offset tax on up to \$7.5 million in natural resource or fishing property for estates valued up to \$15 million, and a deduction is available for up to \$15 million in natural resource and fishing property. Each provision has specific requirements for family participation in the natural resource business, ownership terms, and eligible family-member recipients of the property.