

## **HB 3688 -1 STAFF MEASURE SUMMARY**

### **House Committee On Revenue**

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**Prepared By:** Jonathan Hart, Economist

**Meeting Dates:** 4/3

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#### **WHAT THE MEASURE DOES:**

Allows surviving spouse to elect an additional estate tax exclusion based on unused amount of prior deceased spouse's exclusion up to \$1 million. Specifies the additional amount is calculated by subtracting the Oregon taxable estate of the prior deceased spouse from \$1 million. Requires election of additional exclusion be filed within 12 months after the death of the prior deceased spouse. Applies to estates of decedents who die on or after January 1, 2026. Takes effect on the 91st day after sine die.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

-1 Changes designated person who must file return to state amount of unused exclusion of the prior deceased spouse from "personal representative" to "executor." Allows Department of Revenue to make rules that may extend the time for filing a return stating the amount of unused exclusion.

##### **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.

This measure would establish "portability" of an estate tax exclusion up to \$1 million. Portability allows the estate of a decedent that is married at time of death to transfer an amount of unused exclusion to their surviving spouse. The amount is calculated and claimed on an estate tax return filed within 12 months of the first spouse's death.