



The Legislative Revenue Office was asked to provide information on several topics after the [Hearing on HB 2301 on February 6, 2025](#). This handout contains summary information and examples on two topics:

1. Description of Federal Gift Tax
  2. Data on Oregon migration by Age
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## 1. Brief Description of Federal Tax on Gifts (and Estates)

Estate and Gift taxes are a subset of transfer taxes that are imposed when assets such as property or money are transferred from one person to another. The estate and gift tax imposed by the federal government is best thought of as a single tax with a single “unified lifetime exemption.”

Gifts and estates are taxed at a rate of 40%<sup>1</sup>. The estate and gift tax share a single “unified lifetime exemption” amount currently \$13.99 million<sup>2</sup>

**Gift Tax:** Imposed on gifts above excluded amounts. The donor is responsible for paying the gift tax. There are annual exclusion limits (\$19 thousand in 2025), meaning a certain amount can be given by an individual to another individual each year without incurring gift tax or filing a gift tax return<sup>3</sup>. Gifts above the annual exclusion amount reduce the lifetime exemption amount available for the decedent’s estate or trigger a gift tax liability once gifts exceed the exclusion amount.

**Estate Tax:** Imposed on the transfer of estate assets to the decedent’s heirs or other beneficiaries. The estate tax is based on the total value of the estate plus lifetime gifts and applies above the lifetime exemption amount. State estate taxes are deductible from estate value when calculating federal taxable estate.

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<sup>1</sup> The Estate and Gift tax does have a graduated tax rate structure, but the lifetime exclusion is implemented as a credit that eliminates the tax imposed by rates below 40%.

<sup>2</sup> The exemption amount was temporarily increased by the Tax Cuts and Jobs Act of 2017 through 2025. It is scheduled to revert to the prior calculation for 2026 and will be just over \$7 million.

<sup>3</sup> The annual gift exclusion is per person, meaning a married couple can gift twice the annual limit without gift tax implications.

## Income Tax for Recipients of Gifts or Inheritance

A gift or inheritance does not directly create taxable income for the recipient.

Even though the gift and estate taxes work together with a combined rate schedule and lifetime exclusion, there is a significant difference in income tax treatment of appreciated assets acquired by gift versus inheritance.

It may be helpful to start with a brief discussion of “tax basis.” For assets that can appreciate in value, the basis of the asset is the amount that won’t be taxed if the asset is sold. For many assets the basis is the cost of the asset. For example, if you buy a stock for \$100, that is the basis. Any sale of the stock over \$100 will create taxable capital gain income. So, if the stock is later sold for \$200, it will create a taxable capital gain of \$100 (\$200 minus the basis of \$100).

Recipients of inherited assets have the value of the asset at the time of the decedent’s death as their tax basis. This is known as “step-up basis” because the basis of appreciated assets is stepped-up to the value at the time of death. For example, if the decedent bought a stock for \$100 and it is worth \$200 when they die, the inheritor(s) will have a basis of \$200. If the stock is later sold by the inheritor(s) for \$300, it will generate a taxable capital gain of \$100.

Recipients of a gift do not get step-up basis, but rather “carryover” the basis from the donor. To restate: when the recipient sells the asset, it will have the same basis as the donor would have had. For instance, if the donor bought a stock for \$100, and gave it to someone when it was worth \$200, the recipients basis would remain \$100. If the recipient then sells it for \$300, the appreciation that occurred from the time the donor purchased it is \$200 and that is the taxable capital gain. The recipient of a gift essentially pays the tax on appreciation that occurred while the donor held the asset, as well as appreciation when they held the asset<sup>4</sup>. The donor also potentially pays the gift tax.

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Primary Sources and For More Detail:

[The Estate and Gift Tax: An Overview](#) (Congressional Research Service R48183)

[Estate and gift taxes | Internal Revenue Service](#)

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<sup>4</sup> The carryover basis is one of several reasons a recipient might want to refuse a gift. There are, of course, tax consequences to such a “disclaimed gift” that are beyond the scope of this discussion.

## 2- Oregon Migration by Age and AGI

Source: <https://www.irs.gov/statistics/soi-tax-stats-migration-data>

Example of Data (from 2021-22 Gross Migration File):

### Individual Income Tax Returns:

Gross Migration for Selected Income Items by State, Size of Adjusted Gross Income, and Age of Taxpayer [1], Calendar Years 2021-2022

[Money amounts are in thousands of dollars]

	Outflow returns				Inflow Returns			
	All ages				All ages			
	Number of returns	Number of individuals [6]	Adjusted gross income (AGI)		Number of returns	Number of individuals [6]	Adjusted gross income (AGI)	
			2021	2022			2021	2022
	(57)	(58)	(59)	(60)	(85)	(86)	(87)	(88)
<b>Oregon</b>	<b>67,444</b>	<b>113,251</b>	<b>5,091,272</b>	<b>6,389,529</b>	<b>67,549</b>	<b>106,365</b>	<b>4,818,243</b>	<b>5,856,941</b>
\$1 under \$10,000	5,242	6,921	69,871	28,075	5,584	7,267	83,647	30,026
\$10,000 under \$25,000	11,946	16,083	245,160	212,488	12,859	16,777	254,004	228,158
\$25,000 under \$50,000	17,640	25,482	589,912	640,281	18,532	25,804	618,161	670,132
\$50,000 under \$75,000	10,321	16,969	563,884	635,391	10,160	15,706	558,765	626,510
\$75,000 under \$100,000	6,457	12,234	492,129	558,512	6,098	10,553	465,947	527,937
\$100,000 under \$200,000	10,647	22,882	1,280,631	1,464,112	9,520	19,277	1,146,722	1,307,290
\$200,000 or more	5,191	12,680	1,849,682	2,850,668	4,796	10,981	1,690,993	2,466,883

[Footnotes omitted]

SOURCE: IRS, Statistics of Income Division, Individual Master File, June 2024.

Each IRS spreadsheet contains one year of data with the following groupings of returns:

#### Migration Status with Respect to Oregon (or another state):

- Outflow, Inflow, Non-Migrant, Same-State Migrant, Total

#### Age Groups:

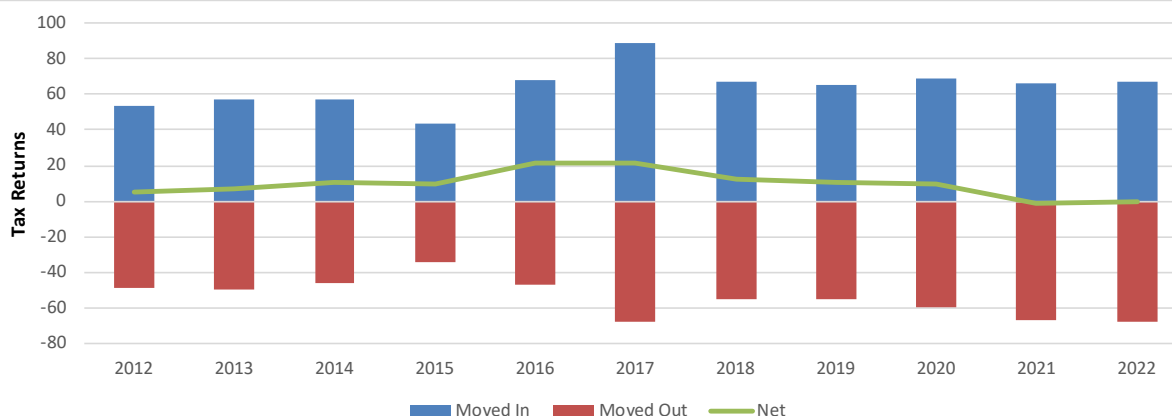
- Under 26, 26-35, 35-45, 45-55, 55-65, 65-Over, All Ages

Tables on the following pages are examples of information the Committee may be interested in, with respect to the request for data on migration by age that arose from discussion of Oregon's Estate Tax.

## Oregon Migration based on IRS Tax Returns

All Ages  
All Income Groups

### Number of IRS Tax Returns by Year

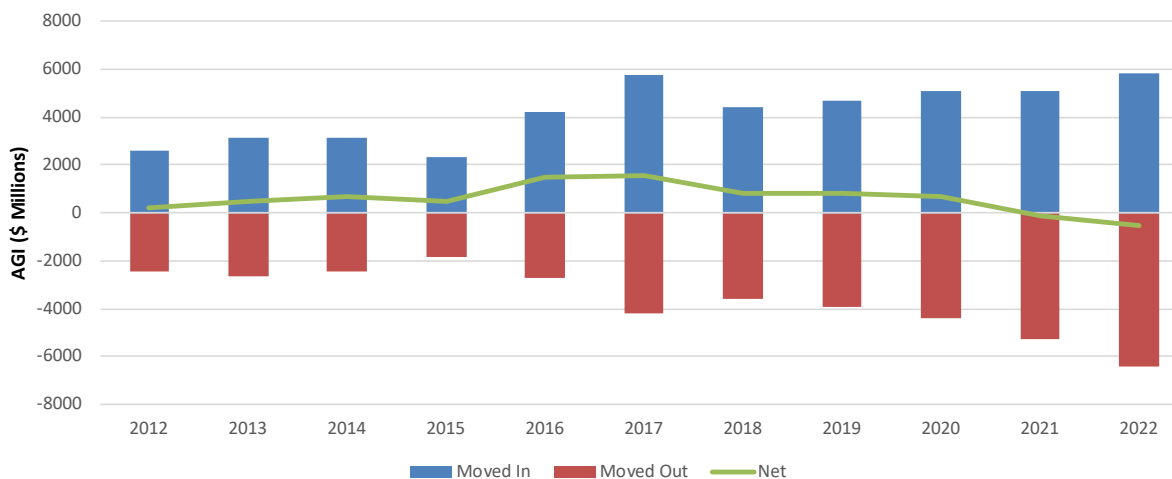


### Number of IRS Tax Returns

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Inflow	53,322	56,895	56,729	43,821	67,911	88,633	67,156	64,931	68,655	66,099	67,549
Outflow	(48,407)	(49,843)	(45,806)	(34,497)	(46,691)	(67,381)	(54,749)	(54,741)	(59,192)	(66,863)	(67,444)
Net	4,915	7,052	10,923	9,324	21,220	21,252	12,407	10,190	9,463	(764)	105

Source: IRS Statistics of Income Division (<https://www.irs.gov/statistics/soi-tax-stats-migration-data>)

### Adjusted Gross Income on Tax Returns (\$ Millions) by Year



### Adjusted Gross Income on Tax Returns

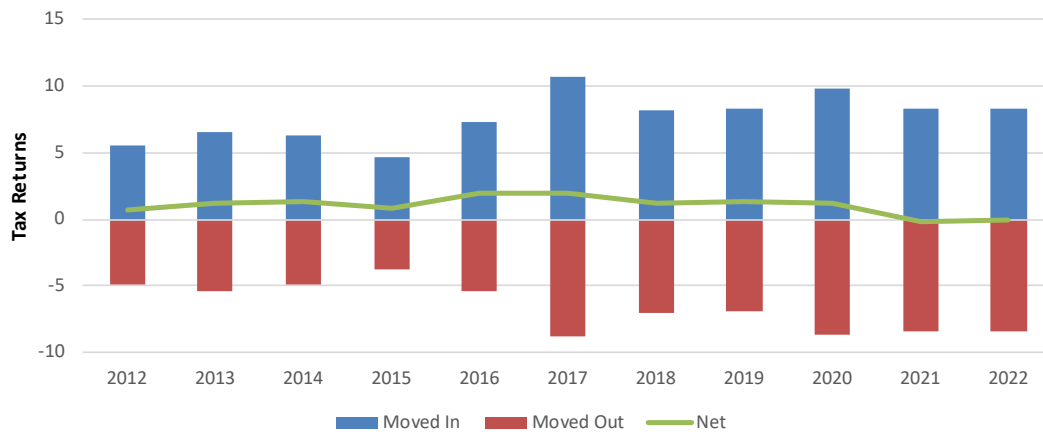
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Inflow	2,616.2	3,121.1	3,119.6	2,347.3	4,180.1	5,776.7	4,419.5	4,677.1	5,088.0	5,081.4	5,856.9
Outflow	(2,426.7)	(2,635.6)	(2,415.4)	(1,865.5)	(2,688.7)	(4,204.9)	(3,617.7)	(3,895.7)	(4,428.1)	(5,239.7)	(6,389.5)
Net	189.6	485.5	704.2	481.7	1,491.4	1,571.8	801.9	781.4	659.9	(158.4)	(532.6)

Source: IRS Statistics of Income Division (<https://www.irs.gov/statistics/soi-tax-stats-migration-data>)

## Oregon Migration based on IRS Tax Returns

**65 and over**  
**All Income Groups**

### Number of IRS Tax Returns by Year

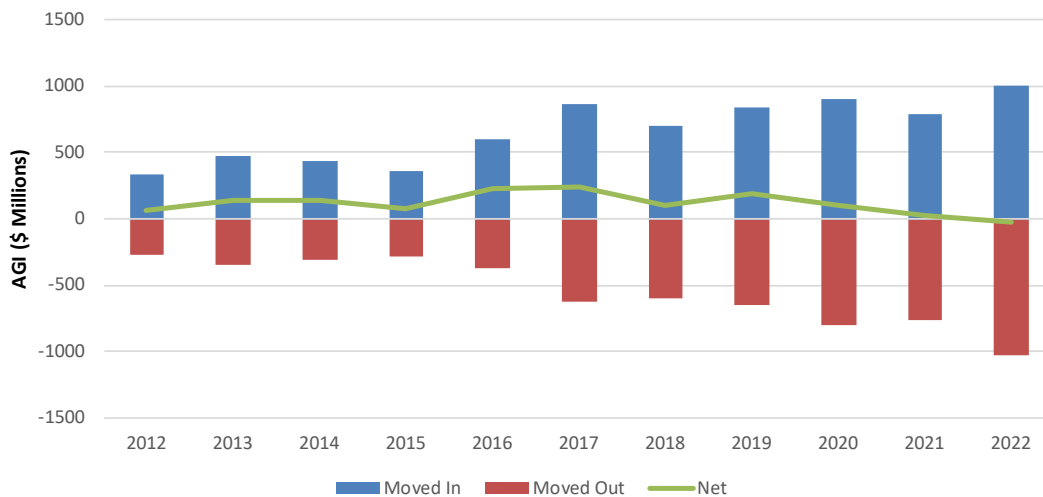


### Number of IRS Tax Returns

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Inflow	5,576	6,534	6,264	4,630	7,321	10,730	8,145	8,312	9,825	8,310	8,296
Outflow	(4,918)	(5,378)	(4,923)	(3,800)	(5,399)	(8,748)	(7,008)	(6,935)	(8,666)	(8,443)	(8,397)
Net	658	1,156	1,341	830	1,922	1,982	1,137	1,377	1,159	(133)	(101)

Source: IRS Statistics of Income Division (<https://www.irs.gov/statistics/soi-tax-stats-migration-data>)

### Adjusted Gross Income on Tax Returns (\$ Millions) by Year



### Adjusted Gross Income on Tax Returns

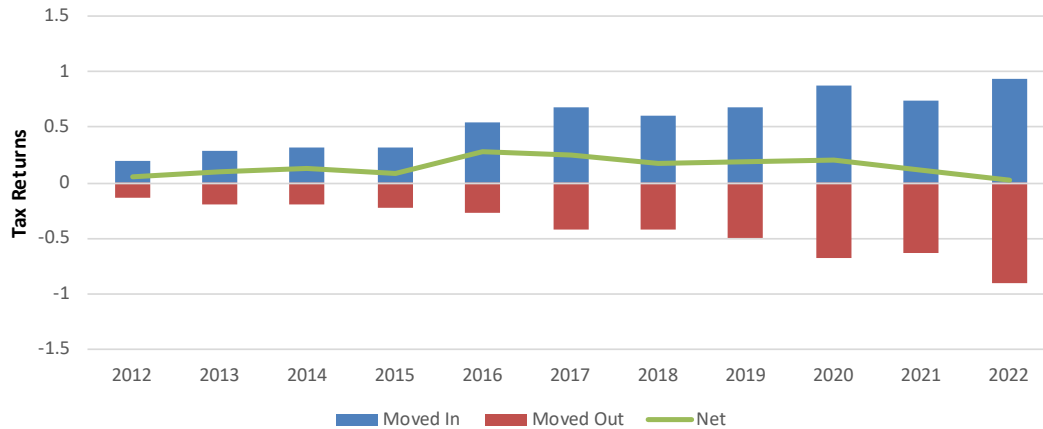
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Inflow	332.6	473.9	441.4	360.7	595.4	865.1	697.2	838.9	905.6	793.1	1,002.2
Outflow	(264.1)	(339.7)	(305.4)	(286.7)	(366.7)	(624.3)	(600.2)	(653.1)	(797.7)	(762.8)	(1,024.8)
Net	68.6	134.3	136.0	74.0	228.8	240.8	97.0	185.8	108.0	30.3	(22.6)

Source: IRS Statistics of Income Division (<https://www.irs.gov/statistics/soi-tax-stats-migration-data>)

## Oregon Migration based on IRS Tax Returns

**65 and over**  
**AGI \$200,000 or More**

### Number of IRS Tax Returns by Year

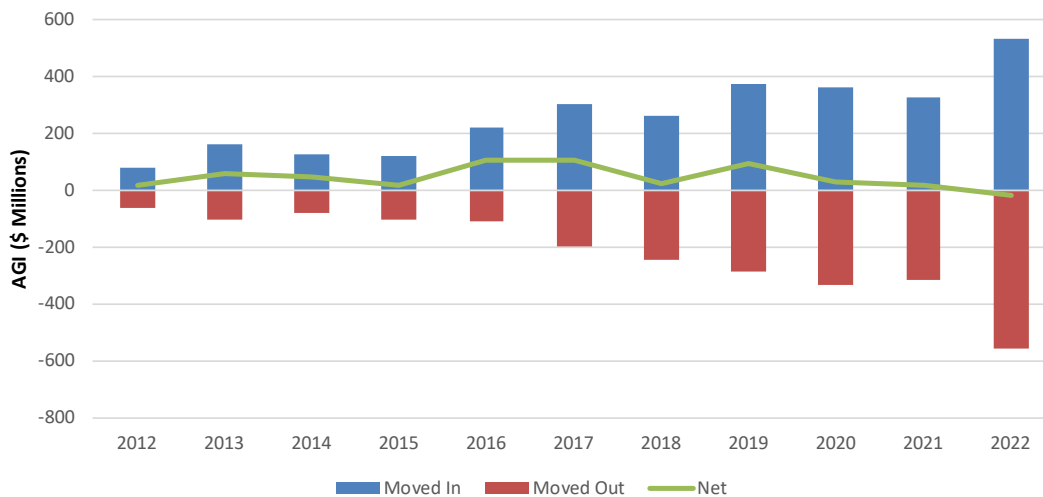


### Number of IRS Tax Returns

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Inflow	197	294	311	314	549	680	600	687	874	745	935
Outflow	(140)	(200)	(188)	(222)	(268)	(427)	(428)	(500)	(670)	(628)	(910)
Net	57	94	123	92	281	253	172	187	204	117	25

Source: IRS Statistics of Income Division (<https://www.irs.gov/statistics/soi-tax-stats-migration-data>)

### Adjusted Gross Income on Tax Returns (\$ Millions) by Year



### Adjusted Gross Income on Tax Returns

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Inflow	77.9	161.2	129.7	122.8	219.8	301.8	262.9	376.4	361.2	328.0	535.2
Outflow	(59.5)	(102.3)	(79.2)	(104.4)	(110.3)	(194.6)	(241.0)	(281.9)	(330.1)	(312.5)	(554.3)
Net	18.4	58.9	50.4	18.4	109.4	107.3	21.9	94.5	31.2	15.5	(19.1)

Source: IRS Statistics of Income Division (<https://www.irs.gov/statistics/soi-tax-stats-migration-data>)