# SB 485 A STAFF MEASURE SUMMARY

**House Committee On Revenue**

**Prepared By:** Jonathan Hart, Economist
**Meeting Dates:** 6/4

**WHAT THE MEASURE DOES:**

Changes the qualification criteria of forestland for the natural resource estate tax exemption. Specifies qualifying forestland must be between 10 and 5,000 acres, and held by decedent and managed by decedent or a family member during at least five years prior to date of death, and held and managed by a family member during the five years after the date of death. Requires documentation of management activities that are appropriate or customary for qualified forestland parcels. 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:**

No amendment.

**BACKGROUND:**

Oregon's Estate Tax is imposed when a property transfer is caused by the owner's death. The tax is based on the total value of property transferred. The tax applies above an excluded amount of $1 million with a tax rate of 10 percent. The tax rate increases with estate value, with the top rate of 16 percent for estates above $9.5 million. For estates with property inside and outside of Oregon, a ratio is applied to apportion the tax based on the percent of property in Oregon

The estate tax has an optional Natural Resource Credit for farm, forest, or fishing property in Oregon. Qualified property must be owned, actively managed, and used by the decedent or a family member for specified purposes five out of eight years preceding and after a decedent's death. The credit reduces taxes in proportion to the value of natural resource property compared to all property (with up to $7.5 million in qualified property). The credit is available to estates with up to $15 million in adjusted gross estate if the specified property is at least 50 percent of all property value in Oregon.

A Natural Resource Exemption is also available for farm, forest, or fishing property in Oregon, as an alternative to the credit. Qualified property must be owned, actively managed, and used by the decedent or a family member for specified purposes for 75% of the days of the five years preceding and after a decedent's death. The exclusion is for up to $15 million of qualified property.