

HB 2093-1
(LC 3634)
6/13/25 (CMT/ps)

Requested by HOUSE COMMITTEE ON REVENUE (at the request of Representative Nancy Nathanson)

**PROPOSED AMENDMENTS TO
HOUSE BILL 2093**

1 In line 2 of the printed bill, after “tax” insert “; creating new provisions;
2 amending ORS 118.010 and 118.145; and prescribing an effective date”.

3 Delete lines 4 through 8 and insert:

4 **“SECTION 1.** ORS 118.145 is amended to read:

5 **“118.145. (1) As used in this section:**

6 **“(a) ‘Eligible business entity’ means a business entity that is owned**
7 **100 percent by family members or eligible entities.**

8 **“(b) ‘Eligible entity’ means an eligible business entity or an eligible**
9 **trust.**

10 **“(c) ‘Eligible trust’ means a trust or subtrust whose permissible**
11 **distributees are all family members or eligible entities.**

12 **“[(a)] (d) ‘Family member’ means a person within the third degree of re-**
13 **lation, by blood, marriage, adoption, civil union or domestic partnership, to**
14 **another person.**

15 **“(e) ‘Interest in natural resource property’ means:**

16 **“(A) Any direct ownership interest in natural resource property;**

17 **“(B) An ownership interest or beneficial interest in a business en-**
18 **tity that owns natural resource property, either directly or indirectly**
19 **through other business entities, but only to the extent of the value**
20 **of that portion of the interest that is attributable to natural resource**
21 **property and to the associated farm business, forestry business or**

1 **fishing business owned by the decedent; or**

2 **“(C) Any beneficial interest in a trust that owns natural resource**
3 **property, but only to the extent of the value of that portion of the**
4 **interest that is attributable to natural resource property and to the**
5 **associated farm business, forestry business or fishing business owned**
6 **by the decedent.**

7 **“[(b)] (f) ‘Materially participate’** means to engage in the active manage-
8 ment, as defined in section 2032A of the Internal Revenue Code, of a farm
9 business, forestry business or fishing business owned by the decedent on the
10 date of the decedent’s death. The Department of Revenue may adopt rules to
11 administer this section consistent with this definition.

12 **“[(c)] (g) ‘Natural resource property’** has the meaning given that term in
13 ORS 118.140.

14 **“(h) ‘Permissible distributee’** has the meaning given that term in
15 ORS 130.010.

16 **“(i) ‘Relevant business days’** means those days during which a per-
17 son that is engaged in active management of natural resource property
18 would customarily be expected to exercise significant management
19 activities, given the nature of the industry in which the business is
20 operating.

21 **“(2)** An interest in natural resource property is exempt from the tax im-
22 posed under this chapter if:

23 **“(a)** The *[property]* **interest** is held by a decedent for at least five years
24 before the death of the decedent;

25 **“(b)** During at least 75 percent of the **relevant business** days of each of
26 the five calendar years immediately prior to **the** date of the decedent’s death,
27 the decedent or any family member of the decedent materially participates
28 in the farm business, forestry business or fishing business;

29 **“(c)** The interest is transferred, as a consequence of the decedent’s death,
30 to one or more family members of the decedent **or eligible entities** *[and is*

1 *subsequently owned by family members of the decedent for at least five con-*
2 *secutive calendar years beginning with the calendar year immediately follow-*
3 *ing the date of the decedent's death*]; and

4 “(d) During [*at least 75 percent of the days of*] each of the five calendar
5 years immediately following the date of the decedent's death, any family
6 member of the decedent materially participates in the farm business, forestry
7 business or fishing business.

8 **“(3) If, after the date of death of the decedent, natural resource**
9 **property previously transferred from the decedent as a consequence**
10 **of the decedent's death:**

11 **“(a) Is subsequently transferred to a family member, the property**
12 **shall be deemed to have been owned by the family member during the**
13 **time that the property was held or deemed to have been held by the**
14 **transferor.**

15 **“(b) Is subsequently transferred to an eligible entity, the property**
16 **shall be deemed to have been owned by the eligible entity during the**
17 **time that the property was held or deemed to have been held by the**
18 **transferor.**

19 **“(c) Is subsequently transferred and replaced by other property in**
20 **a like-kind exchange as provided in section 1031 of the Internal Reve-**
21 **nue Code, or is otherwise replaced with other property within 180 days**
22 **of the transfer, the replacement property shall be deemed to have been**
23 **owned by the transferor during the time that the transferred property**
24 **was held or deemed to have been held by the transferor.**

25 **“[(3)] (4) An additional tax under ORS 118.005 to 118.540 shall be imposed**
26 **if:**

27 **“(a) [The] An interest in** natural resource property for which an ex-
28 **emption is allowed under this section is, during the five calendar years fol-**
29 **lowing the date of the decedent's death, subsequently sold or otherwise**
30 **transferred to a person other than a family member of the decedent or an**

1 **eligible entity;**

2 **“(b) The natural resource property is held by an entity that ceases**
3 **to be an eligible entity because the permissible distributees or owners**
4 **no longer consist solely of family members and the interest is deemed**
5 **sold or otherwise transferred; or**

6 **“[(b)] (c) The material participation requirement of subsection (2)(d) of**
7 **this section is not met.**

8 **“(5) Natural resource property may be replaced with real property**
9 **or personal property after the exemption under this section is claimed**
10 **and not result in a disposition subject to an additional tax if the re-**
11 **placement property is used in the operation of the farm business,**
12 **forestry business or fishing business. Real property for which an ex-**
13 **emption is claimed under this section may be replaced only with real**
14 **property that would otherwise qualify as natural resource property,**
15 **and that replacement must be made within one year to avoid a dispo-**
16 **sition and additional tax, except that a replacement of property that**
17 **is involuntarily converted under section 1033 of the Internal Revenue**
18 **Code must occur within two years.**

19 **“[(4)] (6) The additional liability imposed under subsection [(3)] (4) of this**
20 **section shall be the amount of additional tax that would have been imposed**
21 **had the transferred [property] interest been included in the decedent’s taxa-**
22 **ble estate. The additional tax liability is the responsibility of the owner**
23 **of the property at the time of the disposition or disqualifying event**
24 **and is due within six months after the date on which the disposition**
25 **or event occurs. Upon receiving notice of a subsequent sale or other**
26 **transfer of property for which an exemption has been claimed, or upon re-**
27 **ceiving notice that the material participation requirement of subsection**
28 **(2)(d) of this section has not been met, the department shall immediately**
29 **proceed to collect the additional tax.**

30 **“[(5)] (7) An estate claiming the exemption under this section may not**

1 claim the credit allowed under ORS 118.140.

2 “[6)] (8) The exemption allowed under this section may not exceed \$15
3 million for the estate.

4 **“SECTION 2.** ORS 118.010 is amended to read:

5 “118.010. (1) As used in this section:

6 “(a) ‘Nonresident decedent’ means an individual who is domiciled outside
7 of Oregon on the date the individual dies.

8 “(b) ‘Resident decedent’ means an individual who is domiciled in Oregon
9 on the date the individual dies.

10 “(2) A tax is imposed upon a transfer of the property of each:

11 “(a) Resident decedent; and

12 “(b) Nonresident decedent whose estate includes any interest in:

13 “(A) Real property located in Oregon; or

14 “(B) Tangible personal property located in Oregon.

15 “(3) The Oregon taxable estate to be used for purposes of computing the
16 tax imposed under this section shall be the federal taxable estate:

17 “(a) Increased by:

18 “(A) The deduction for state estate, inheritance, legacy or succession
19 taxes allowable under section 2058 of the Internal Revenue Code; and

20 “(B) If the decedent is a surviving spouse owning the property at death,
21 the value of the following property unless included in the federal taxable
22 estate:

23 “(i) Property for which a deduction for Oregon special marital property
24 under ORS 118.016 was previously allowed; or

25 “(ii) Property for which a separate Oregon election under section 2056 or
26 2056A of the Internal Revenue Code was previously allowed; and

27 “(b) Reduced by:

28 “(A) The value on the date of the decedent’s death of all Oregon special
29 marital property under ORS 118.013;

30 “(B) The exemption allowed under ORS 118.145; and

“(C) Any other applicable exclusions or deductions.

“(4) The tax imposed under this section shall be calculated by applying the rates in the following table. If the Oregon taxable estate is at least the amount in column 1, but less than the amount in column 2, the tax is the amount in column 3, increased by the excess above the amount in column 1 multiplied by the percentage in column 4:

“

1	2	3	4
\$1,000,000	\$1,500,000	\$0	10.0%
1,500,000	2,500,000	50,000	10.25%
2,500,000	3,500,000	152,500	10.5%
3,500,000	4,500,000	257,500	11.0%
4,500,000	5,500,000	367,500	11.5%
5,500,000	6,500,000	482,500	12.0%
6,500,000	7,500,000	602,500	13.0%
7,500,000	8,500,000	732,500	14.0%
8,500,000	9,500,000	872,500	15.0%
9,500,000		1,022,500	16.0%

“

“(5)(a) In the case of a resident decedent owning, on the date of the decedent’s death, real property located outside Oregon or tangible personal property located outside Oregon, the tax imposed under this section shall be the amount determined under subsection (4) of this section multiplied by a ratio.

“(b) The numerator of the ratio:

“(A) Shall be the sum of the value of the decedent’s real property located in Oregon, tangible personal property located in Oregon and intangible personal property.

“(B) [*The numerator*] May not include any intangible personal property subject to a tax imposed, as a result of the death of the decedent, by another

1 state or country.

2 “(C) **May not include the value of the exemption allowed under ORS**
3 **118.145.**

4 “(c) The denominator of the ratio shall be the total value of the
5 decedent’s gross estate, **less the value of the exemption allowed under**
6 **ORS 118.145.**

7 “(6) In the case of a nonresident decedent owning, on the date of the
8 decedent’s death, real property located in Oregon or tangible personal prop-
9 erty located in Oregon, the tax imposed under this section shall be the
10 amount determined under subsection (4) of this section multiplied by a ratio.
11 The numerator of the ratio shall be the sum of the value of the decedent’s
12 real property located in Oregon and tangible personal property located in
13 Oregon, **less the value of the exemption allowed under ORS 118.145.** The
14 denominator shall be the total value of the decedent’s gross estate, **less the**
15 **value of the exemption allowed under ORS 118.145.**

16 “(7) Payment, in whole or in part, of estate taxes from funds of an estate
17 or trust on any benefit subject to tax under ORS 118.005 to 118.540 is not to
18 be considered a further taxable benefit, when such payment is directed by the
19 decedent’s will or by a trust agreement.

20 “(8)(a) If the federal taxable estate is determined by making an election
21 under section 2031(c), 2032, 2032A, 2056 or 2056A of the Internal Revenue
22 Code or another provision of the Internal Revenue Code, or if a federal es-
23 tate tax return is not required under the Internal Revenue Code, an executor
24 may make separate elections for state estate tax purposes under that same
25 provision.

26 “(b) An executor may make elections under ORS 118.013, 118.140 and
27 118.145 and section 2056 of the Internal Revenue Code for state estate tax
28 purposes.

29 “(c) Elections described in this subsection are irrevocable.

30 “**SECTION 3.** ORS 118.145, as amended by section 1 of this 2025 Act, is

1 amended to read:

2 “118.145. (1) As used in this section:

3 “(a) ‘Eligible business entity’ means a business entity that is owned 100
4 percent by family members or eligible entities.

5 “(b) ‘Eligible entity’ means an eligible business entity or an eligible trust.

6 “(c) ‘Eligible trust’ means a trust or subtrust whose permissible
7 distributees are all family members or eligible entities.

8 “(d) ‘Family member’ means a person within the third degree of relation,
9 by blood, marriage, adoption, civil union or domestic partnership, to another
10 person.

11 “(e) ‘Interest in natural resource property’ means:

12 “(A) Any direct ownership interest in natural resource property;

13 “(B) An ownership interest or beneficial interest in a business entity that
14 owns natural resource property, either directly or indirectly through other
15 business entities, but only to the extent of the value of that portion of the
16 interest that is attributable to natural resource property and to the associ-
17 ated farm business, forestry business or fishing business owned by the
18 decedent; or

19 “(C) Any beneficial interest in a trust that owns natural resource prop-
20 erty, but only to the extent of the value of that portion of the interest that
21 is attributable to natural resource property and to the associated farm busi-
22 ness, forestry business or fishing business owned by the decedent.

23 “(f) ‘Materially participate’ means to engage in the active management,
24 as defined in section 2032A of the Internal Revenue Code, of a farm business,
25 forestry business or fishing business owned by the decedent on the date of
26 the decedent’s death. The Department of Revenue may adopt rules to ad-
27 minister this section consistent with this definition.

28 “(g) ‘Natural resource property’ has the meaning given that term in ORS
29 118.140.

30 “(h) ‘Permissible distributee’ has the meaning given that term in ORS

1 130.010.

2 “(i) ‘Relevant business days’ means those days during which a person that
3 is engaged in active management of natural resource property would cus-
4 tomarily be expected to exercise significant management activities, given the
5 nature of the industry in which the business is operating.

6 “(j) ‘Small forestland owner’ means a decedent who owns,
7 throughout the five years immediately prior to the date of the
8 decedent’s death, forestland that is at least 10 acres but fewer than
9 5,000 acres.

10 “(2) **Except as provided in subsection (4) of this section**, an interest
11 in natural resource property is exempt from the tax imposed under this
12 chapter if:

13 “(a) The interest is held by a decedent for at least five years before the
14 death of the decedent;

15 “(b) During at least 75 percent of the relevant business days of each of
16 the five calendar years immediately prior to the date of the decedent’s death,
17 the decedent or any family member of the decedent materially participates
18 in the farm business, forestry business or fishing business;

19 “(c) The interest is transferred, as a consequence of the decedent’s death,
20 to one or more family members of the decedent or eligible entities; and

21 “(d) During each of the five calendar years immediately following the date
22 of the decedent’s death, any family member of the decedent materially par-
23 ticipates in the farm business, forestry business or fishing business.

24 “(3) If, after the date of death of the decedent, natural resource property
25 previously transferred from the decedent as a consequence of the decedent’s
26 death:

27 “(a) Is subsequently transferred to a family member, the property shall
28 be deemed to have been owned by the family member during the time that
29 the property was held or deemed to have been held by the transferor.

30 “(b) Is subsequently transferred to an eligible entity, the property shall

1 be deemed to have been owned by the eligible entity during the time that the
2 property was held or deemed to have been held by the transferor.

3 “(c) Is subsequently transferred and replaced by other property in a like-
4 kind exchange as provided in section 1031 of the Internal Revenue Code, or
5 is otherwise replaced with other property within 180 days of the transfer, the
6 replacement property shall be deemed to have been owned by the transferor
7 during the time that the transferred property was held or deemed to have
8 been held by the transferor.

9 **“(4) An interest in natural resource property that is forestland is**
10 **exempt from the tax imposed under this chapter if:**

11 **“(a) The decedent is a small forestland owner;**

12 **“(b) The forestland property is held by the decedent for at least five**
13 **years immediately prior to the date of the decedent’s death;**

14 **“(c) During the five calendar years immediately prior to the date**
15 **of the decedent’s death, the decedent or any family member of the**
16 **decedent actively manages the forestland property and maintains**
17 **documentation of activities that are appropriate or customary**
18 **silvicultural or management activities given the current phase in the**
19 **forest management cycle for a parcel of forestland property;**

20 **“(d) The interest is transferred, as a consequence of the decedent’s**
21 **death, to one or more family members of the decedent and is subse-**
22 **quently owned by family members of the decedent for at least five**
23 **consecutive calendar years beginning with the calendar year imme-**
24 **diately following the date of the decedent’s death; and**

25 **“(e) During the five calendar years immediately following the date**
26 **of the decedent’s death, any family member of the decedent actively**
27 **manages the forestland property and maintains documentation of ac-**
28 **tivities that are appropriate or customary silvicultural or management**
29 **activities given the current phase in the forest management cycle for**
30 **a parcel of forestland property.**

1 “[~~(4)~~] (5) An additional tax under ORS 118.005 to 118.540 shall be imposed
2 if:

3 “(a) An interest in natural resource property for which an exemption is
4 allowed under this section is, during the five calendar years following the
5 date of the decedent’s death, subsequently sold or otherwise transferred to
6 a person other than a family member of the decedent or an eligible entity;

7 “(b) The natural resource property is held by an entity that ceases to be
8 an eligible entity because the permissible distributees or owners no longer
9 consist solely of family members and the interest is deemed sold or otherwise
10 transferred; or

11 “(c) The material participation requirement of subsection (2)(d) of this
12 section is not met.

13 “[~~(5)~~] (6) Natural resource property may be replaced with real property
14 or personal property after the exemption under this section is claimed and
15 not result in a disposition subject to an additional tax if the replacement
16 property is used in the operation of the farm business, forestry business or
17 fishing business. Real property for which an exemption is claimed under this
18 section may be replaced only with real property that would otherwise qualify
19 as natural resource property, and that replacement must be made within one
20 year to avoid a disposition and additional tax, except that a replacement of
21 property that is involuntarily converted under section 1033 of the Internal
22 Revenue Code must occur within two years.

23 “[~~(6)~~] (7) The additional liability imposed under subsection [~~(4)~~] (5) of this
24 section shall be the amount of additional tax that would have been imposed
25 had the transferred interest been included in the decedent’s taxable estate.
26 The additional tax liability is the responsibility of the owner of the property
27 at the time of the disposition or disqualifying event and is due within six
28 months after the date on which the disposition or event occurs. Upon re-
29 ceiving notice of a subsequent sale or other transfer of property for which
30 an exemption has been claimed, or upon receiving notice that the material

1 participation requirement of subsection (2)(d) of this section has not been
2 met, the department shall immediately proceed to collect the additional tax.

3 “[7] (8) An estate claiming the exemption under this section may not
4 claim the credit allowed under ORS 118.140.

5 “[8] (9) The exemption allowed under this section may not exceed \$15
6 million for the estate.

7 **“SECTION 4. Section 5 of this 2025 Act is added to and made a part
8 of ORS 118.005 to 118.540.**

9 **“SECTION 5. (1) A decedent who is a surviving spouse is allowed
10 an exclusion amount if:**

11 **“(a) The Oregon taxable estate of the prior deceased spouse of the
12 decedent did not exceed \$1 million; and**

13 **“(b) Notwithstanding ORS 118.160, and not later than 12 months
14 after the death of the prior deceased spouse, the executor of the estate
15 of the prior deceased spouse files a return as provided in ORS 118.100
16 stating the amount of the exclusion.**

17 **“(2) The exclusion amount claimed under this section may not ex-
18 ceed \$1 million and shall be calculated by subtracting the Oregon tax-
19 able estate of the prior deceased spouse from \$1 million.**

20 **“(3) The election made by the executor of the prior deceased spouse
21 under this section is irrevocable.**

22 **“SECTION 6. ORS 118.010, as amended by section 2 of this 2025 Act, is
23 amended to read:**

24 **“118.010. (1) As used in this section:**

25 **“(a) ‘Nonresident decedent’ means an individual who is domiciled outside
26 of Oregon on the date the individual dies.**

27 **“(b) ‘Resident decedent’ means an individual who is domiciled in Oregon
28 on the date the individual dies.**

29 **“(2) A tax is imposed upon a transfer of the property of each:**

30 **“(a) Resident decedent; and**

1 “(b) Nonresident decedent whose estate includes any interest in:

2 “(A) Real property located in Oregon; or

3 “(B) Tangible personal property located in Oregon.

4 “(3) The Oregon taxable estate to be used for purposes of computing the
5 tax imposed under this section shall be the federal taxable estate:

6 “(a) Increased by:

7 “(A) The deduction for state estate, inheritance, legacy or succession
8 taxes allowable under section 2058 of the Internal Revenue Code; and

9 “(B) If the decedent is a surviving spouse owning the property at death,
10 the value of the following property unless included in the federal taxable
11 estate:

12 “(i) Property for which a deduction for Oregon special marital property
13 under ORS 118.016 was previously allowed; or

14 “(ii) Property for which a separate Oregon election under section 2056 or
15 2056A of the Internal Revenue Code was previously allowed; and

16 “(b) Reduced by:

17 “(A) The value on the date of the decedent’s death of all Oregon special
18 marital property under ORS 118.013;

19 “(B) The exemption allowed under ORS 118.145; *[and]*

20 “(C) **The deceased spousal unused exclusion amount allowed under**
21 **section 5 of this 2025 Act; and**

22 “[*(C)*] **(D)** Any other applicable exclusions or deductions.

23 “(4) The tax imposed under this section shall be calculated by applying
24 the rates in the following table. If the Oregon taxable estate is at least the
25 amount in column 1, but less than the amount in column 2, the tax is the
26 amount in column 3, increased by the excess above the amount in column 1
27 multiplied by the percentage in column 4:

28 “

29	1	2	3	4
30	\$1,000,000	\$1,500,000	\$0	10.0%

1	1,500,000	2,500,000	50,000	10.25%
2	2,500,000	3,500,000	152,500	10.5%
3	3,500,000	4,500,000	257,500	11.0%
4	4,500,000	5,500,000	367,500	11.5%
5	5,500,000	6,500,000	482,500	12.0%
6	6,500,000	7,500,000	602,500	13.0%
7	7,500,000	8,500,000	732,500	14.0%
8	8,500,000	9,500,000	872,500	15.0%
9	9,500,000		1,022,500	16.0%

10 “

11 “(5)(a) In the case of a resident decedent owning, on the date of the
 12 decedent’s death, real property located outside Oregon or tangible personal
 13 property located outside Oregon, the tax imposed under this section shall be
 14 the amount determined under subsection (4) of this section multiplied by a
 15 ratio.

16 “(b) The numerator of the ratio:

17 “(A) Shall be the sum of the value of the decedent’s real property located
 18 in Oregon, tangible personal property located in Oregon and intangible per-
 19 sonal property.

20 “(B) May not include any intangible personal property subject to a tax
 21 imposed, as a result of the death of the decedent, by another state or country.

22 “(C) May not include the value of the exemption allowed under ORS
 23 118.145.

24 “(c) The denominator of the ratio shall be the total value of the
 25 decedent’s gross estate, less the value of the exemption allowed under ORS
 26 118.145.

27 “(6) In the case of a nonresident decedent owning, on the date of the
 28 decedent’s death, real property located in Oregon or tangible personal prop-
 29 erty located in Oregon, the tax imposed under this section shall be the
 30 amount determined under subsection (4) of this section multiplied by a ratio.

1 The numerator of the ratio shall be the sum of the value of the decedent's
2 real property located in Oregon and tangible personal property located in
3 Oregon, less the value of the exemption allowed under ORS 118.145. The de-
4 nominator shall be the total value of the decedent's gross estate, less the
5 value of the exemption allowed under ORS 118.145.

6 “(7) Payment, in whole or in part, of estate taxes from funds of an estate
7 or trust on any benefit subject to tax under ORS 118.005 to 118.540 is not to
8 be considered a further taxable benefit, when such payment is directed by the
9 decedent's will or by a trust agreement.

10 “(8)(a) If the federal taxable estate is determined by making an election
11 under section 2031(c), 2032, 2032A, 2056 or 2056A of the Internal Revenue
12 Code or another provision of the Internal Revenue Code, or if a federal es-
13 tate tax return is not required under the Internal Revenue Code, an executor
14 may make separate elections for state estate tax purposes under that same
15 provision.

16 “(b) An executor may make elections under ORS 118.013, 118.140 and
17 118.145 **and section 5 of this 2025 Act** and section 2056 of the Internal
18 Revenue Code for state estate tax purposes.

19 “(c) Elections described in this subsection are irrevocable.

20 **“SECTION 7. (1) The amendments to ORS 118.010 and 118.145 by**
21 **sections 1 and 2 of this 2025 Act apply to estates of decedents dying**
22 **on or after July 1, 2025.**

23 **“(2) The amendments to ORS 118.145 by section 3 of this 2025 Act**
24 **apply to estates of decedents who die on or after January 1, 2026.**

25 **“(3) Section 5 of this 2025 Act and the amendments to ORS 118.010**
26 **by section 6 of this 2025 Act apply to estates of decedents of surviving**
27 **spouses with the prior deceased spouse under section 5 of this 2025 Act**
28 **dying on or after January 1, 2026.**

29 **“SECTION 8. This 2025 Act takes effect on the 91st day after the**
30 **date on which the 2025 regular session of the Eighty-third Legislative**

1 **Assembly adjourns sine die.”.**

2 _____