



Date: February 6, 2025

To: Chair and Members of House Revenue Committee
From: Scott Bruun, Oregon Bankers Association
RE: Testimony in support of HB 2301 / Estate Tax Reform

Chair Nathanson and Members of the Committee,

My name is Scott Bruun, and I am the President and CEO of the Oregon Bankers Association and Community Banks of Oregon. Together, we represent the FDIC-insured banks and trust companies operating in Oregon. We also work and advocate to improve the larger business climate in Oregon because every business issue is also a banking issue.

Thank you for the opportunity to testify today. The Oregon Bankers Association strongly supports estate tax reform in Oregon, and as such, strongly supports HB 2301.

The challenges of Oregon's worst-in-the-nation estate tax have been well-vetted by bill sponsors and others. And the deeper conversation about how Oregon's estate tax further exacerbates our high-rate, burdensome, and decreasingly competitive overall tax structure has also been discussed at length over the last few legislative sessions.

Estate Tax is Bad for Small Businesses and their Banks

So today I'll focus on banks and this tax. Bankers in Oregon provide many services to Oregon individuals, families, businesses and communities. Annually, Oregon banks lend more than \$6 billion to Oregon's small businesses. This bank-provided capital fuels small business jobs, growth, expansion and innovation. And as you know, the vast majority of these Oregon businesses, small or otherwise, are s-corporations. Meaning, the vast majority of Oregon businesses are structured so that their profits and losses pass through to their owners' individual tax returns. When an owner dies, her estate is responsible for paying taxes on the value of her ownership above \$1 million, the lowest threshold in the country.

Estate Tax Forces Survivors to Make Harmful Choices

The liquidity and asset structures of businesses in Oregon vary greatly, but all too often Oregon's low-threshold and high-rate estate tax forces small businesses to downsize, or sell themselves, or even just close and lock the doors. This is not good for anyone, especially employees.

In other instances, surviving family members may have to take on debt to satisfy the tax. You might ask, isn't that good for banks? No, actually, it's not. Banks lend to help businesses grow – banks lend so that companies can buy equipment or machinery, or to provide working capital in support of operations. And when bank customers grow and thrive, banks grow and thrive. Debt to pay estate taxes on the other hand, while often necessary, is not a path toward growth or success. It's desperation.

HB 2301 Offers Common Sense Reform

Madame Chair, Members of the Committee. The bottom-line is that Oregon's punitive estate tax disrupts families, disrupts businesses, disrupts jobs, and when a business proactively relocates to avoid paying the punitive tax, as they often do, it disrupts Oregon's economic health and competitiveness. HB 2301, which raises the tax exemption to \$7 million and lowers the tax rate to 7%, is a smart, reasonable, and much needed path to support Oregon families and small businesses. HB 2301 is also a legacy-worthy investment in Oregon's future.

We urge your support of HB 2301, I thank you for your time, and I'm happy to answer any questions.

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