



Senate Finance & Revenue Committee

February 10, 2025

## Testimony in Opposition of SB 124

Chair Meek, Vice-Chair McLane, and Members of the Committee,

My name is Daniel Hauser, Deputy Director for the Oregon Center for Public Policy, and I respectfully submit this testimony in defense of Oregon's estate tax and in opposition to SB 124 on behalf of the Center. The Oregon Center for Public Policy is a nonpartisan think tank that uses research and analysis to improve the economic outcomes for all Oregonians, especially for those struggling to make ends meet.

At a time of extreme economic inequality, a strong estate tax is essential. The estate tax only applies to the wealthiest Oregonians, serving to limit the rise of an economic aristocracy and preventing it from capturing more of our state's wealth. An inheritance is not a result of hard work or invention – it is a prize for being born to a wealthy family.

There are three primary reasons to retain and protect Oregon's estate tax:

**Adequate resources:** SB 124 could cut Oregon's estate tax, pulling important resources out of Oregon's general fund. Furthermore, with annual indexing of the estate tax, even if \$1 million was kept as the starting exemption, we'd see reduced revenue raised from the richest estates each year as the exemption grows. The estate tax is forecast to raise \$663 million in the current budget period. These funds are needed to boost economic opportunity for all Oregonians through investments in affordable housing, workforce development, and other important services. We should prioritize investments in services working families need, not a tax cut for wealthy estates.

**Progressivity:** Only the wealthiest 5 percent of Oregonians who died in 2022 had estates impacted by Oregon's estate tax. These are people who still had more than \$1 million in their estate after charitable contributions, gifts to family members, use of the estate tax natural resource credit, and other tax planning options available to



wealthy Oregonians. Oregon's estate tax is currently well targeted at the richest estates, since the marginal tax rate grows from 10 percent to 16 percent as the size of an estate grows, but this bill would slash that down to 7 percent for all estates.

Racial equity: The Oregon estate tax is one of the state's most effective tax policies for improving racial equity. Due to policies and practices both past and present, white families largely own the nation's largest fortunes. Nationally, the median white household owns more than six times the wealth of the median Black household and nearly five times the wealth of the median Hispanic household. Legislation to reduce Oregon's estate tax would only deepen wealth disparities between Oregonians of color and white Oregonians.

SB 124 undermines Oregon's commitment to adequately fund important services, advance racial equity, and improve the progressivity of our tax and revenue system. We respectfully urge this committee to protect Oregon's estate tax and reject this bill and any others that would erode Oregon's estate tax.

