

SB 405: Estate Tax Exemption Increase

House Committee on Revenue – Josie Koehne – 2.11.2025



Tax Fairness Oregon OPPOSES **SB 405** which would greatly exacerbate wealth disparities and reduce much revenue for the General Fund by increasing Oregon's exemption from \$1,000,000 to \$13,610,000.

Why we need a strong Estate Tax

The estate tax is one way to reduce economic disparity. The accumulation of great wealth passed along from generation to generation passes along with it both economic and social advantages that only increases the economic and social divide between the Haves and the Have Nots. Generational wealth significantly exacerbates the wealth gap:

1. **Economic divide:** Moving \$13.6 million to heirs untaxed means the top 1% will continue to get richer and pay less for the social services that those at the bottom of the income spectrum rely upon.
2. **Racial disparity:** In the US, White families on average earn nearly 20 times as much income as Latine and Black families do, yet they pay a higher percentage of their income in taxes than white families do. Increasing the exemption by 13 times will make matters even worse.
3. **Compounded wealth:** Wealth creates more wealth. Descendents of the wealthy, without even working for a living, can live well off their inherited assets, while working families can barely make ends meet. Assets provides access to capital for business ventures that can increase wealth.
4. **Education:** Inherited wealth provides the next generation with better access to higher education, providing an edge in the job market. This bill would widen the educational and economic income gap.
5. **Homeownership:** Real estate in better neighborhoods has greatly appreciated, while remaining fairly constant in poorer areas. Since owning a home is often the biggest asset one has, difference in home ownership can widen the wealth gap.

We believe those few who inherit large estates should not pay even less, given all the advantages they inherit. We should be finding ways to help the many who are on the brink of homelessness, many of whom are working but cannot afford basic needs. The estate tax currently provides 2% the General Fund revenue that provides services to low-income families, as it should. Let's not reduce this contribution to nearly nothing from those most able to pay.

The current estate tax already provides many options for reducing the estate tax with estate planning, including for farm forest and fishery families through the Natural Resource Credit which raises the exemption to \$15 for these estates. When we are facing extreme economic disparity, a strong estate tax is vital in reducing the wealth gap. Our tax system needs advantage those at the lowest ends of economic spectrum, not those at the top!

We read the bills and follow the money