



Date: February 10, 2025

To: Chair and Members of Seante Finance and Revenue Committee
From: Scott Bruun, Oregon Bankers Association
RE: Testimony in support of SB 124 / Estate Tax Reform

Chair Meek 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 overall 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 every possible vehicle for that including SB 124.

The challenges of Oregon's worst-in-the-nation estate tax have been well-vetted. And the larger conversation about how Oregon's estate tax further exacerbates our overly burdensome and decreasingly competitive tax structure in Oregon has also been discussed at length in recent months and years.

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. Bank-provided capital fuels small business jobs, growth, 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 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 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 lock the doors and walk away.

In other instances, surviving family members may have to take on debt to satisfy the tax. Isn't that good for banks you might ask? No, 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.

Need for Common Sense Reform

Mister 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 health and competitiveness. SB 124 is a possible vehicle to raise exemption and lower the rates. This is a smart, reasonable, and much needed path to support Oregon families and small businesses. Estate tax reform is an investment in Oregon's future.

Thank you, Mister Chair. I'm happy to answer any questions.

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