Chair Meek and members of the committee,

Today I speak for myself - as a mother, an investor, an inheritor and one with a taxable Oregon estate.

My estate, like virtually any estate of much size includes capital gains that have never been taxed.

Consider this:

- **I'd pay taxes on significant the capital gains if I were to liquidate one or all of my investment accounts today.**
- **Were I to sell my home of 45 years, after excluding my basis and my $250,000 exemption, I'd still pay taxes on $700,000 or more of capital gains.**

If instead I remain in my home and I die still holding my investment accounts the estate tax will essentially pay the taxes I didn't pay while living.

The estate tax with its step-up-in-basis is simply a stand-in for figuring out the capital gains and taxing it. Something few heirs can easily do.

Oregon's one million exemption would cover the basis in my estate. The remainder is growth in value, that is "capital gains", that have never been taxed.

Like many who inherit, my children already have homes, jobs, businesses and investment accounts. Are these heirs that need an additional tax break?

Without any changes they will likely inherit $2 million tax free between their father and me, since they, like most children, have two parents.

Two million, that's enough to buy four houses as investment properties. That is quite enough to get tax free.

Unless you design a bill that is revenue neutral, I hope you will reject this bill, with whatever ideas you have for filling in the blanks for the exemption size and the tax rate.

The estate tax is one of several parts of Oregon's state and local tax system that helps keep our distribution of taxation fairly even. Nonetheless, the poor pay more. The bottom 20% of Oregonians pay 12% of their income in state and local taxes while the top 1% pays 10.4%. That's almost a 2% difference. ITEP's analysis says our estate tax in part of the reason the distribution is as fair as it is. So any changes that aren't revenue neutral will make our state's tax system more imbalanced.

Business representatives mention business families needing to sell assets or take on debt because of the estate tax. If a family has a $5 million estate, after the two $1 million exemptions, the estate tax would be $315,000.
Yes there are exceptions, but most people die in their 80s. If the business will be transitioned to family members, the older generation may still be owners. When they die, the profits they've been taking out to support themselves will now be available to pay off any debt incurred to pay the estate tax.

We do agree that work needs to be done on the estate tax issue. Oregon should deal with portability simplification. We should also deal with the many conflicts between the natural resource credit and the natural resource exemption. And most importantly, we encourage you to look at instituting a gift tax, the absence of which is likely our biggest Oregon estate tax loophole.

Thank you for listening well to the diverse viewpoints on this issue.