



April 3, 2025

TO: Members of the House Committee on Revenue

FR: Derek Sangston, Oregon Business & Industry

RE: Support for HB 3934 and HB 3688

Chair Nathanson, Vice-Chair Reschke, Vice-Chair Walters, members of the House Committee on Revenue. For the record, I am Derek Sangston, policy director and counsel for Oregon Business & Industry (OBI).

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

Thank you for the opportunity to testify in support of both HB 3934 and HB 3688. OBI has long supported efforts to mitigate the impact of the estate tax on Oregon's grieving families and successful small businesses. We are encouraged by this bill, and several others being considered this session, because it would implement a fix to Oregon's estate tax system that has been adopted by Hawaii, Maryland, and the federal government. By allowing a surviving spouse to claim the unused exemption of a deceased spouse, or, in other words, allow the estate tax exemption to become "portable," HB 3934 and HB 3688 would simplify Oregon's estate tax, alleviate the need for creative estate planning, and reduce the need for Oregonians to leave our state.

As I noted when testifying in support of earlier bills proposing changes to the state's estate tax, Oregon applies its estate tax to more assets left at death than any other state. HB 3934 and HB 3688 would mitigate that problem by functionally increasing Oregon's threshold for married couples. Bringing Oregon's threshold for many estate taxpayers more in line with the exemption allowed by Washington.

Due to Oregon's lowest in the nation estate tax threshold, the number of people paying the estate tax is growing faster than the state's population, which is notable because new modeling produced by CSI estimates that states with particularly burdensome estate taxes have led to a pronounced decrease in the number of wealthy individuals residing in those states. Specifically, that report notes that a "one percentage point increase in a state's estate and inheritance tax rate led to a 1.4% to 2.7% decline in the number of federal estate tax returns filed in that state." As more estates become subject to Oregon's estate tax, the incentive to move will only increase.

For those reasons, I request this committee to pass either of HB 3934 or HB 3688. Thank you for your consideration.

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