

## 7 Things to Know About Oregon's Estate Tax

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**By: Daniel Hauser**

Protecting Oregon's estate tax is about protecting the Oregon we all want to live in.

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Oregon's estate tax will be in the news this year, as an effort is underway to repeal Oregon's only mechanism for limiting [vast wealth inequality](#). Here are 7 things to know about Oregon's estate tax.

### 1. Oregon's estate tax funds the services we all rely on

The estate tax is projected to bring in [over \\$1.1 billion](#) in the next budget period. This makes it the third most important contributor to Oregon's General Fund, the pot of revenue lawmakers use to fund many services that improve the quality of life for all Oregonians, including:

- **Public Schools:** Ensuring children can learn and develop their talents.
- **Mental Health Services:** Expanding care for our most vulnerable neighbors.
- **Affordable Housing:** Helping Oregonians find a stable place to call home.
- **Wildfire Prevention:** Keeping communities safe.

### 2. Oregon's estate tax only affects the wealthiest 5 percent of Oregonians

Despite fearmongering by opponents that the estate tax affects “everyday Oregonians,” the vast majority of Oregonians will never face an estate tax. Only 5 percent of estates in Oregon pay any tax at all.<sup>[1]</sup> That’s because the estate tax exempts the first \$1 million of estate value — what’s left after applying tax deductions and credits that shrink the value of the estate.

Consider, for instance, an estate valued at \$1.5 million. It would pay 10 percent on the amount over \$1 million. In other words, it would pay a 10 percent tax rate on \$500,000, which comes out to \$50,000. That would leave \$1.45 million passing on to the heirs, making them \$1.45 million richer than they started.

### **3. For married couples, Oregon’s estate tax exemption is effectively \$2 million**

Although Oregon’s estate tax exemption is set at \$1 million, married couples can readily enjoy an exemption of twice that amount. By creating a [trust](#), a common estate tax planning move, a couple can shield up to \$2 million from Oregon’s estate tax.

### **4. Farmers and owners of forestry businesses can shield big fortunes from Oregon’s estate tax**

Although critics often claim the estate tax forces families to sell off family farms, the reality is that farmers have obtained huge carveouts from the estate tax. One of these — not the only one — is the Natural Resource Exemption, which costs the state [tens of millions](#) of lost revenue every budget period. It exempts from the estate tax up to [\\$15 million](#) of natural resource property, which includes farmland, forestland, and property used in a commercial fishing business. While it’s debatable whether Oregon should give tax breaks to multi-millionaires who also own a farm, it is not debatable that we do.

### **5. Oregon’s estate tax an essential tool to repair racial and economic equity**

The Oregon estate tax is one of the state’s most effective tax policies for improving racial equity. [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. This outcome did not happen by accident. It is the product of centuries of policies and practices that placed barriers on people of color from building wealth, while advantaging white families. Because wealth builds over generations, racist policies of the past and ongoing forms of discrimination perpetuate the vast racial wealth gap. The estate tax targets only the wealthiest families, a narrow group largely consisting of white families, who have typically benefited the most from these structural inequities. The state uses the proceeds of the tax to help pay for education and other essential services. These investments create real opportunities for all Oregonians, while helping ease longstanding racial inequities.

### **6. The estate tax mitigates the growth of an economic aristocracy**

The estate tax is one of the few ways Oregon can push back against the rise of an economic aristocracy. Without an estate tax, vast fortunes often accrued through exploitation or extraction pass untouched from one generation to another. As [Warren Buffett explains](#), “Without the estate tax, you in effect will have an aristocracy of wealth, which means you pass down the ability to command the resources of the nation based on heredity rather than merit.”

### **7. Oregon’s estate tax is the nation’s strongest, and that’s a good thing**

Oregon’s estate tax is the strongest of any state in the nation, a strong statement of the state’s values at a time of extreme wealth inequality. The past several decades have seen the rise of vast fortunes held in the hands of a relative few. In Oregon, for instance, just [three billionaires](#) together have twice as much wealth as the bottom half of Oregonians combined. Such [extreme inequality](#) undermines democracy, weakens economic growth, and leaves the population with worse health. For now, the estate tax is the only tax directed at large fortunes. Weakening it would be a mistake.

## Conclusion

Repealing Oregon's estate tax would amount to a massive tax cut for the wealthiest 5 percent of Oregonians, paid for by cutting the services for the other 95 percent of Oregonians. It would further fuel the rise of extreme economic inequality and the many harms that flow from it. Protecting this tax is about protecting the Oregon we all want to live in.

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[1] Analysis by the Oregon Center for Public Policy based on the number of estates paying the estate tax in Oregon (2,211) in the 2023 tax year from [Oregon Legislative Revenue Office](#) divided by the total deaths (42,592) in 2023 calendar year from the [Oregon Health Authority](#).



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