



February 11, 2026

**TO:** Members of the Senate Committee on Finance and Revenue

**FR:** Derek Sangston, Oregon Business & Industry

**RE:** Opposition to SB 1511 – Estate Tax Increase

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Chair Broadman, Vice-Chair McLane, members of the Senate Committee on Finance and 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 opposition to SB 1511. OBI opposes SB 1511 because, by offsetting the revenue lost from raising the estate tax exemption from \$1 million to \$2.5 million through increasing the rates of the tax (including imposing a top marginal rate of 19.9%), the bill would continue to disincentivize growth and investment in Oregon. Since SB 1511 is a bill that increases tax rates and it originates in the Senate, OBI also believes it violates the Origination Clause of the Oregon Constitution.<sup>1</sup>

OBI has long supported efforts to increase the threshold of Oregon's estate tax, which would mitigate its negative impacts on in-state investment, the business climate, and wealth. While most states, 38 to be exact, have either never imposed or have repealed their estate taxes, Oregon's estate tax applies to more assets left at death than any other state. Unfortunately, the solution proposed by SB 1511 would provide only a nominal increase of Oregon's threshold (Oregon would still tax more assets at death than all but two states: Rhode Island and Massachusetts) and in exchange it would levy a higher rate than all but two states (Hawaii and Washington). Instead of helping Oregon align with a majority of the states in the country, SB 1511 would make Oregon even more of an outlier – and the impacts on in-state investment, the business climate, and wealth leaving Oregon would worsen.

As I mentioned, that SB 1511 increases rates additionally violates the Origination Clause of the Oregon Constitution. In his decision on whether a bill to disconnect from federal tax code violated that clause, Judge Robert Manicke of the Oregon Tax Court remarked that the definition of raising revenue did not:

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<sup>1</sup> See **Or. Const. art. IV, § 18** (providing that bills for raising revenue shall originate in the House of Representatives).

imply a comparison. For example, [it left] open the possibility that a single bill that imposes a new kind of tax, while abolishing an existing one, might “raise” revenue, even if the amount collected by the new tax is projected to be less than the amount that would have been collected by the tax being repealed. In other words, bills that provide for an overall increase in revenue appear to be a subset of bills that “raise” revenue in the sense of bringing it into the treasury. It seems likely that this subset would readily satisfy the first test in the court’s analytical framework, **but other bills that do not provide for an overall increase in revenue might as well.**<sup>2</sup>

While SB 1511 could be designed to decrease the amount that would have been collected by the treasury, it would certainly increase the tax for many other taxpayers and could cause some taxpayers to file lawsuits against the state. Rather than risk that uncertainty, OBI urges the committee to either amend it to only increase the threshold of Oregon’s estate tax or reject it. Thank you for your consideration.

Contact: [dereksangston@oregonbusinessindustry.com](mailto:dereksangston@oregonbusinessindustry.com)

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<sup>2</sup> Boquist v. Dep’t of Revenue, 23 OTR 263 (2019).