



HOUSE OF REPRESENTATIVES

Dear House Colleagues:

This is a Gobbledygook Alert in regard to SB 1511, the Estate Tax “reform” bill now set for a hearing and possible work session before the House Revenue Committee this afternoon.

The bill is being marketed as a \$2.5 million exemption for the estate tax as a generous increase from the current \$1.0 million exemption. But I am advised by estate tax attorneys that the verbiage of the bill, in current form, is confusing (I call it Gobbledygook) and it appears to have a “claw back” approach that an estate at \$1 over \$2.5 million claws back to the \$1.0 million exemption, and will have to pay a tax of at least \$150,000.

I checked with the Legislative Revenue office, and they disagree. So we ran an Artificial Intelligence analysis of the whole bill. The “Final Answer” reads as follows: “If the estate is \$2,500,001, the tax would be : Total tax \$152,500.11.”

Another deeply concerning provision of this bill is the increase in the top estate tax rate from 16.0% to 19.90%. This dramatic jump would make Oregon one of the highest estate tax states in the nation. Only Hawaii and Washington would impose a higher top rate.

By raising the rate to 19.90%, we are sending a clear signal to our businesses and highest-earning taxpayers that they may be better off elsewhere. With 38 other states requiring no estate tax, the incentive to relocate becomes even stronger. At a time when we should be working to attract and retain investment and job creators, this proposal will drive them away.

I will present an Amendment to the House Revenue Committee to give us a clean \$2.5 million exemption, allow portability for a couple, and set a flat tax rate of 10.0%. It will not go into effect until July 1, 2027, so it is “revenue neutral” for this biennium. Please encourage our colleagues on the House Revenue Committee to follow this approach.

In any event, the current verbiage of SB 1511 is a disaster in the making. It needs dramatic amendments on it and it needs to stay in Committee to be re-evaluated for 2027.

Sincerely,

A handwritten signature in black ink that reads "Kevin L. Mannix".

Kevin L. Mannix