Two Sides of Measure 84:

Don’t be fooled, Measure 84 isn’t just about the estate tax

It has two new tax breaks for millionaires:

- Elimination of the estate tax and
- A capital gains tax loophole.

Taxes paid by the richest 2% should be increasing, not decreasing.

The estate tax is a fair law that has been raising revenue for Oregon’s schools, public safety, health care and other shared priorities for 109 years without hurting Oregon heirs, businesses or family farms. At $100 million a year, it supports 1200 school teachers.

The capital gains tax is fair too. Oregon should continue to tax this income at the same level as income earned from work. Measure 84 includes a sneaky provision creating a new tax loophole through which the wealthy could avoid capital gains tax entirely by selling virtually anything with profit, first to a family member and then outside the family. Who would be the primary beneficiaries of this new loophole? 75% of capital gains are “earned” by the top 2%. Capital gains revenue averages $400 million a year.

The proponents of Measure 84 cry about double taxation, but what they want is zero taxation.

They talk about harm to farms and small businesses, but only 10% of estates are farm or small business assets. Taxable estates are mostly stocks, bonds, and homes that have increased in value since purchase. That increase has never been taxed.

Who Pays Estate Tax?

Only couples with more than $2 million in assets pay any Oregon estates tax. ($1 million for singles.) In addition, Oregon has a special measure that allows farm and forest families to pass $15 million of these assets tax-free to family members who will continue the business. The tax-free farm and forest assets include not just land, machinery and growing crops but also the farm or forest homes and up to $2 million in cash. ($7.5 m tax-free with up to $1 m in cash for singles.) Each year only 730 of the 32,000 Oregon decedents owe estate tax. These are the richest 2% of Oregon’s population.

Vote “No” on 84 Elimination of the estate tax would cost $100 million a year, the loophole for capital gains taxes would cost even more. $500 million is at risk. The result? Vital services provided by teachers, troopers, social workers and jailors will be lost.
Measure 84 creates a huge loophole that has nothing to do with Estate Tax Reform

Measure 84 not only eliminates the estate tax, but it also eliminates “all taxes on intra-family transfers.” This family-transfer tax loophole could cost Oregon even more in lost revenue than ending the estate tax. Do we really want two new tax breaks for the richest 2%? Losing this revenue will either devastate Oregon’s schools, human services, courts and prisons, or lead to more taxes on the middle class.

Measure 84 Section 4d is clear. Any sale between family members results in no tax, and the purchaser can re-sell the next day. This Measure 84 loophole could work with any property: a potato crop, an order of rail cars, an office tower, shares of stock, or a business.

Any competent attorney or CPA will advise clients who sell any property at a significant profit to take the following steps:

- Owner finds a Non-Family Buyer and establishes a price.
- Owner sells the property to a Family Member at the same price using an IOU.
- Family Member then sells the property to the Non-Family Buyer.
- Family Member repays IOU to the original Owner.
- The original Owner incurs no Oregon tax because the sale was to a family member. The Family Member has no tax because they sold the property for the same price they paid.

For example, suppose Dad has some stock purchased for $100,000 and now worth $500,000. He transfers it to his daughter for a $500,000 IOU. She sells the stock the next day for $500,000. She made no profit and therefore owes no taxes. Then she pays off the IOU. Dad pays no Oregon taxes, even though he just made $400,000.

People from the left and right and middle should agree. Measure 84 is a problem not a solution.

While we’re firing teachers we shouldn’t be creating new tax loopholes.

Vote No on Measure 84!

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