

## 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.**
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**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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