



SB 15: Estate Tax exemptions changes should be revenue neutral

Testimony for Senate Finance and Revenue – Bennett Minton – 3.10.2021

Madame Chair and members of the committee:

My name is Bennett Minton, and I appear on behalf of Tax Fairness Oregon, a network of volunteers who advocate for a rational and equitable tax code.

I have noted to this committee that I spent my paid career analyzing policy in Congress, mostly taxes. I watched as the estate tax shrank from a Progressive Era tool of redistributing the fortunes of robber barons to a provision that barely touches anyone. In 1997 the federal unified credit – for the estate, gift and generation-skipping transfer tax – was \$600,000. Today it is \$23 million for couples.

This is, I suggest, the gift of the baby boomers, who went to college for free and fought in or against the Vietnam War. As parents we bought minivans and shrank state support for college tuition and then, as our parents aged, ensured that we wouldn't have to pay any tax on our parents' wealth.

And yet, here we are, considering legislation to shrink further the miniscule tax on the money mommy and daddy leave behind. LRO's [Basic Facts](#) (page F-3), issued in January, reports that 1,443 Oregonians owed any estate tax for the most recent year. Another 572 filed estate returns but paid no tax because their assets were below the \$1 million exemption. To put that in context, about 37,000 Oregonians died in 2019, so not quite 4% of their estates owed any tax. Simple math suggests that 96% of us have no personal stake in this subject.

Opponents of the Oregon estate tax offer anecdotes that residents are moving to Idaho or Washington so that they won't be subject to it. Many potential emigrants own farms, they say. Of course, the farms are staying, and they receive special treatment under the Natural Resources Credit.

Opponents also note that most other states have followed the federal lead and reduced or eliminated the estate tax, and they urge you to join the race to the bottom.

Yes, until 2001, every state taxed estates. Now 12 do, and six tax inheritances – which is a more sensible method, since the deceased don't actually pay taxes. Yes, government policies change. What has gone down will eventually go up, because the estate tax is one of the fairest ever created.

Personally, which is to say anecdotally, I will not choose my place of residence based on whether my kids have to pay a bit of my gold to fund the purposes for which we have taxation – education, for example. After all, my kids did nothing to earn it, just as I did nothing to earn the money I received from my parents, other than choose them wisely and stay on reasonably good terms with them. Had they died in Oregon, I would have gotten a little less. Some parents may choose otherwise. Either way, policy should not be guided by anecdotal choices affecting a tiny number of residents.

The point is, Oregon's estate tax raises a couple hundred million dollars, 2 percent or so of the General Fund. What services will be cut, or taxes raised, to offset the revenue loss? Over the last 25 years, people who hate the estate tax have never discussed that.

To Senator Findley's bill, which would increase the exemption amount for estates under \$4.5 million. This is the upper end of the middle class: people who've worked, funded a 401(k) and built a bit of wealth. Mine is the kind of family that would benefit from it, and I did nothing exceptional to acquire it. As my financial adviser told my son: If you fund your IRA or 401(k), you will become a millionaire, thanks to the magic of compounding.

I appreciate Senator Findley's interest in the inheritances of a slice of Oregonians. As I told him in a gracious conversation we had a couple weeks ago, if the bill were adjusted to phase out the exemption at the top, so that not one additional dime of revenue lined the pockets of inheritors, then we would have no objection to it.

Otherwise, we would prefer that you bolster state revenues on behalf of children whose parents are more likely to leave them funeral bills than trust funds.

We read the bills and follow the money