

FAQ Regarding Estate Taxes

What is the Oregon Estate Tax?

When you die the property you have is your estate. An estate includes cash, stocks, property, jewelry, etc. This is what is passed on to your spouse and family members; you can also write a will to pass it on to family or non-family members. The estate tax is a tax imposed on your estate when you die. It is based on the value of the estate. You can think of it as a type of property tax that is imposed on your property when you die. Usually, there is a deduction level and the government imposes a tax on the value above the deduction.

In Oregon, if all the property you leave at death is less than \$1 million your family does not have to pay a tax. But if the value of your estate is over \$1 million your estate is going to have to pay a tax ranging from 10% to 16%.

Why is the Oregon Estate Tax considered a double or even triple tax?

The estate tax is unfair because people have already paid property taxes every year on their property and they have paid income taxes as they earn their money to buy their property. So the estate tax is a double or triple tax when you consider property or income tax.

What is the federal deduction level for the estate tax?

There is also a federal estate tax. The federal estate tax deduction level is now \$5.43 million.

How many states have an estate tax?

Currently, 15 states still have an estate tax, 35 states have eliminated the tax since 2002.

Why have other states eliminated the estate tax?

Many states are suffering financially, so they are finding new ways to keep businesses from leaving. The estate tax is one of the reasons businesses close up shop. When businesses leave the state, it's not just people that leave: we lose jobs in those businesses.

Why is it harmful to business and land owners?

Many Oregonians who own ranches, farms or family businesses find that the value of the land, buildings, equipment and their own homes substantially exceed \$1 million. Whether or not they have cash on hand, these families are confronted with having to pay an Oregon estate tax every time a generation passes away.

How much money is collected by Oregon from the estate tax?

In 2012, Oregon's total estate tax revenue was \$101,816,000 which represented just 1.2 % of the total state revenue.

How do we make up for the money that won't be coming from estate taxes?

By eliminating the estate tax, business owners, farmers and families will stay in the state and contribute money in property and income taxes, among other taxes. New entrepreneurs will also be willing to come to Oregon and create jobs. Economists project that increased income taxes from new jobs will offset the loss of estate taxes, within five years.

Does the estate tax just affect the "wealthy"?

No, the tax affects farmers and family owned businesses who may be land rich but cash poor.

Why would raising the exemption level help?

Many of the estates in Oregon that pay an estate tax range in value between \$1 million and \$5 million. Raising the state's exemption level to the federal level (\$5.43 million) would keep the majority of families, ranchers and business owners from having to pay the tax.

Why is repealing the estate tax an important issue for our state?

We need to encourage people to stay in our state – retirees, farmers, business owners and families. Each one of them is important to our economy. In addition, this is an unfair tax imposed on people who have already paid income and property taxes, and who create jobs.