



Feb 9, 2023

To: Chair and Members of House Revenue Committee
From: Scott Bruun, OBI
RE: Testimony in support of HB 2624

Chair Nathanson and Members of the Committee:

I am Scott Bruun, director of tax, fiscal and manufacturing policy for Oregon Business & Industry. OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians.

Thank you for the opportunity to testify in support of HB 2624.

OBI has long supported efforts to reduce or eliminate the burden of Oregon's worst-in-the-nation estate tax. We support these efforts in order to reduce burdens on grieving families, to ensure the long-term viability of family businesses and to slow or stop the related exodus of capital and talent from Oregon.

We would note that 38 states do not have an estate tax, including California, Idaho, Montana, Wyoming, Colorado and Nevada. Washington does have an estate tax, but the threshold for when it applies is more than twice that of Oregon's. Washington's threshold is also periodically adjusted upward for inflation.

Oregon's exemption threshold, at only \$1 million and never adjusted for inflation, is the most arduous in the nation for the few states that do have estate taxes.

Oregon's estate tax is onerous for families and family businesses of every size, but particularly so for small family businesses that may not have liquid assets to pay those taxes without causing significant or even existential financial harm to the family or their business.

In too many instances, Oregon's estate tax system compels families to sell part, or even all, of the family business in order to pay the tax; or force those families to incur new debt to do the same.

HB 2624 is a reasonable and vital step in the right direction. Adding another \$1 million to the exemption level, and indexing that for inflation going forward, means that Oregon will no longer be worst in the nation for estate taxes.

Importantly, it would make us comparable with the state of Washington. We know anecdotally that we lose more and more people and capital to Washington every year due to tax issues. There was a Willamette Week article discussing this just last week. This is great for Washington, of course, and horrible for Oregon.

HB 2624 will not totally solve that issue; our larger tax structure and burden is still a challenge. But the bill is a critically important step in the right direction and it would send a very positive message to family businesses inside and outside of Oregon.

OBI encourages this committee's support.

Thank you.

Contact: Scott Bruun, scottbruun@oregonbusinessindustry.com