



Date: Jan. 25, 2023

To: Chair and Members of the Senate Committee on Finance and Revenue

From: Scott Bruun, OBI

RE: Testimony in support of SB 498

Mr. Chair, Members of the Committee:

Good afternoon, my name is Scott Bruun. I am 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 today in support of SB 498.

OBI has long supported efforts to reduce or eliminate the burden of Oregon's worst-in-the-nation estate tax. We do this in order to reduce financial burdens on grieving families, ensure the long-term viability of family businesses, and to slow or stop the related exodus of capital, talent and jobs from Oregon. We would also 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 also is periodically adjusted upward for inflation. Oregon's exemption threshold, at only \$1 million and never adjusted for inflation, is the lowest in the nation for the few states that do have estate taxes.

OBI supports SB 498. We are enthused by this bill and several others we have seen this session that would finally begin to address Oregon's problematic and punitive estate tax system. It has been well discussed and well described how our estate tax is onerous for families and family businesses of every size, but particularly onerous for small family businesses that may not have liquid assets to pay estate taxes without causing significant or even existential economic harm to the family or their business. In too many instances, Oregon's estate tax system compels families and small businesses to sell a part or even all of the business in order to pay estate taxes or incur new debt to do the same.

We support SB 498 because it would provide needed and welcome relief to families that have had natural resource family businesses passed onto them but are not protected, or fully protected, by the current complicated and cumbersome rules around natural resource estates. Family farms, family fishing businesses, family forestlands: All are integral parts of Oregon's culture and economy, and all are worth our efforts to protect and preserve. OBI is hopeful that

this committee will support SB 498 and other estate tax reform measures this session in order to help all family owned businesses in Oregon.

Thank you.

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