

February 13, 2020



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Oregon Progressive Party Position on Bill at 2019 Session of Oregon Legislature:

SB 1560: Oppose

Dear Committee:

The Oregon Progressive Party (OPP) opposes this bill, which would lift the threshold for triggering the estate tax from \$1 million to \$2.5 million while shrinking the tax bill for estates worth up to \$6.5 million.

The estate tax is necessary for a rational tax system. It offsets the irrational practice of "stepped up basis" on the inherited assets. Say your father invested \$1 million in the stock market or real estate or other assets. At his death, the assets are worth \$10 million. Your father never paid capital gains tax on his \$9 million gain. His heirs also never pay capital gains tax on the \$9 million gain, because the heir's basis in the assets is "stepped up" to the fair market value of the assets at the time of the father's death.

It is said that only death and taxes are unavoidable. In fact, Oregon treats death as a tax avoidance system for the heirs.

Also, the hearing record includes no estimate of the impact of this bill on state revenue.

The Legislature should either reject this bill or stop the practice of stepping up the basis on inherited assets.

Oregon Progressive Party

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