

The Oregon Estate Tax Anomaly: Present Regime, Comparison to Washington and Massachusetts, SB 1511, and Impact on Planning

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I. Introduction

Estate planning in Oregon is burdened by arguably the most aggressive estate tax regime in the United States. Since 2006, Oregon has maintained a \$1 million exemption threshold - the lowest among the twelve states that levy a separate state-level estate tax¹ - while the federal exemption has grown more than fifteen-fold over the same period. Under the One Big Beautiful Bill Act of 2025 (“OBBBA”), the federal estate and gift tax exemption is fixed at \$15 million per individual (\$30 million per married couple) beginning January 1, 2026, indexed annually for inflation². The federal estate tax has become functionally irrelevant for all but the wealthiest Oregonians, while the state regime now impacts the middle class.

A middle-class Oregonian who bought a modest Portland home for \$180,000 in 1995 and had it appreciate to \$850,000 today, who has another \$400,000 in retirement accounts, will leave a taxable estate — not because she is wealthy, but because Oregon’s threshold has not budged for two decades.

The 2026 legislative session represented the first serious attempt in fourteen years to recalibrate the regime. Senate Bill 1511 would have raised the exemption to \$2.5 million indexed

¹ See Richard Yam, *2026 Federal & State Estate and Gift Tax Cheat Sheet*, Wealthspire Advisors (Feb. 4, 2026), <https://www.wealthspire.com/guides-whitepapers/federal-state-estate-gift-tax/> (cataloging the twelve states and the District of Columbia that impose a separate state-level estate tax).

² One Big Beautiful Bill Act of 2025, Pub. L. No. 119-21, § 70106, 139 Stat. ____ (2025) (codified as amended at I.R.C. § 2010(c)(3)).

for inflation while increasing the top marginal rate from 16% to 19.9% on estates above \$8.5 million. The bill passed the Oregon Senate 22–5 but stalled in the House Revenue Committee before the short session adjourned³. In the meantime, Initiative Petition 51 —titled “End the Death Tax” — is gathering signatures for the November 2026 ballot, with a July 1, 2026 deadline to qualify⁴.

This paper argues that Oregon’s estate tax regime is an anomaly that contributes to the public perception that Oregon is a high-tax state. Part II maps the existing regime under ORS Chapter 118. Part III compares Oregon to Washington and Massachusetts. Part IV examines planning options. Part V surveys the recent reform landscape. Part V concludes that whatever path Oregon chooses, the present regime is unsustainable.

II. The Current Oregon Estate Tax Regime

A. Statutory Framework and Threshold

Oregon’s estate tax is codified at ORS Chapter 118 (sections 118.005 through 118.540)⁵. The tax applies to the estate of every decedent who, at death, was either a resident of Oregon or a nonresident owning real or tangible personal property situated in Oregon. The current \$1 million exemption was set by the 2011 Legislature and has not been adjusted since.

When the \$1 million figure was adopted, the median home price in Portland was approximately \$245,000. Today it exceeds \$550,000, and homes in many neighborhoods

³ S.B. 1511, 83d Leg. Assemb., Reg. Sess. (Or. 2026); see Press Release, Or. Senate Democrats, *More Oregon Families Get a Break from Estate Taxes Under Legislation Passed in the State Senate Today* (Feb. 24, 2026), <https://www.oregonlegislature.gov/senatedemocrats/Documents/More%20Oregon%20Families%20Get%20a%20Break%20from%20Estate%20Taxes%20Under%20Legislation%20Passed%20in%20the%20State%20Senate%20Today.pdf>; Dirk VanderHart, *Oregon’s Tax on Dead People’s Assets Could Change This Year*, Or. Pub. Broad. (Feb. 18, 2026), <https://www.opb.org/article/2026/02/18/estate-tax-oregon-raise-rate/>.

⁴ Or. Initiative Petition 51 (2026) (“End the Death Tax”); see John A. Charles, Jr., *Failed Senate Bill 1511 Would Raise Death Tax to 20 Percent: It’s Time for IP51*, Cascade Pol’y Inst. (Mar. 9, 2026), <https://cascadepolicy.org/tax-and-budget/senate-bill-1511-on-20-percent-death-tax-loses-barely/>.

⁵ Or. Rev. Stat. §§ 118.005–.540 (2023).

routinely transact above \$800,000⁶. The estate tax has thus evolved from a tax on the affluent to a tax on both the affluent and the middle class.

B. Rate Structure and the Fractional Formula

Above the \$1 million threshold, Oregon imposes a graduated tax ranging from 10% to 16%, with the top rate triggered at \$9.5 million⁷. The tax is computed not on the amount above \$1 million, but on the entire taxable estate, and is then multiplied by a fraction whose numerator is the taxable estate minus \$1 million and whose denominator is the taxable estate⁸. The result approximates a tax on the excess over the exemption, but with an additional element that effectively raises the average rate as the estate grows.

The mechanism preserves a progressive distribution while extracting more revenue from larger estates than a simple subtraction-of-exemption approach would yield. It also produces counterintuitive results at the margins. A \$1.1 million estate owes roughly \$10,000 in tax — a manageable figure. A \$2 million estate owes approximately \$101,000. A \$5 million estate owes nearly \$400,000. The arithmetic compounds quickly.

C. Portability, the Marital Deduction, and Gift Taxation

Unlike the federal system, Oregon does not allow portability of the unused exemption between spouses⁹. If one spouse dies and leaves all assets to the surviving spouse under the unlimited marital deduction, the deceased spouse's \$1 million exemption is lost. The surviving

⁶ Portland-area median home price data drawn from Portland Metropolitan Association of Realtors, *Residential Market Action Reports* (2011–2026), available at <https://www.rmlsweb.com/>.

⁷ Or. Rev. Stat. § 118.010(2) (2023) (rate schedule).

⁸ Or. Rev. Stat. § 118.010(2)(b) (2023); see also Or. Dep't of Revenue, Form OR-706 Instructions (2024) (illustrating fractional computation).

⁹ Or. Rev. Stat. § 118.010 (2023) (containing no portability provision analogous to I.R.C. § 2010(c)(4)); see Collier Law, *Efforts to Raise Oregon's Estate Tax Exemption* (Mar. 24, 2026), <https://collier-law.com/blog/efforts-to-raise-oregons-estate-tax-exemption/>.

spouse retains only her own \$1 million exemption to apply against the combined estate. Without affirmative planning — typically a credit shelter (or “bypass”) trust funded at the first death — a married couple captures only \$1 million of exemption rather than \$2 million.

Oregon does not impose a state-level gift tax¹⁰. This stands in contrast to the federal unified system, where lifetime gifts reduce the estate exemption available at death.

D. The Natural Resource Credit

ORS 118.140 provides a credit for estates holding qualifying farm, forest, or commercial fishing property¹¹ — the Natural Resource Credit, or NRC. The NRC can shelter up to \$7.5 million of qualifying property in addition to the \$1 million exemption¹² but is limited in scope — the property must have been used in the qualifying activity by the decedent or a family member for at least five of the eight years preceding death, and the family must continue the qualifying use for five years after death or the credit is recaptured¹³.

E. Filing, Payment, and Apportionment for Nonresidents

An Oregon estate tax return (Form OR-706) is due nine months after the date of death¹⁴, with a six-month extension available. For nonresident decedents owning Oregon-situs real or tangible personal property, the tax is computed as if the decedent had been a resident and then apportioned based on the ratio of Oregon-situs property to the total gross estate¹⁵. A non-Oregon resident who owns a vacation home on the Oregon Coast may inadvertently expose the entire

¹⁰ Oregon has never enacted a gift tax. *See* Or. Rev. Stat. ch. 118 (2023) (taxing transfers at death only).

¹¹ Or. Rev. Stat. § 118.140 (2023) (Natural Resource Credit).

¹² Or. Rev. Stat. § 118.140(4)(b) (2023) (limiting credit so that combined exemption and credit shelter no more than \$7.5 million of qualifying natural resource property).

¹³ Or. Rev. Stat. § 118.140(7) (2023) (recapture provisions).

¹⁴ Or. Rev. Stat. § 118.100(1) (2023); Or. Admin. R. 150-118-0150.

¹⁵ Or. Rev. Stat. § 118.010(6) (2023).

gross estate to Oregon’s rate computation, even though only the Oregon property is taxed.

However, there is a relatively easy fix – the out-of-state property owner may assign the Oregon property to an LLC, which removes the property from the Oregon estate tax calculation.¹⁶

III. Comparative Analysis: Washington and Massachusetts

Twelve states and the District of Columbia impose a state-level estate tax¹⁷. Of those, only Connecticut imposes a separate gift tax. Washington and Massachusetts are useful comparisons to for Oregon: Washington shares Oregon’s Pacific Northwest economic profile and a similarly aggressive rate structure, while Massachusetts recently implemented threshold reform that Oregon legislators have repeatedly cited as a template.

A. Washington: A Volatile Regime in 2025–2026

In 2025, the Washington Legislature passed Senate Bill 5813, which raised the exemption from \$2.193 million to \$3.076 million but increased the top marginal rate from 20% to 35%¹⁸ — the highest top rate of any state in the country. It immediately drew sustained business-community criticism and reports of high-net-worth residents relocating, including the widely reported decision of former Starbucks CEO Howard Schultz to move to Florida¹⁹.

In response, the 2026 Legislature reversed course. Senate Bill 6347 restored the prior 10–20% graduated rate structure for decedents dying on or after July 1, 2026²⁰. The exemption

¹⁶ Philip N. Jones, *Oregon Estate Tax*, ch. 14, in *Administering Oregon Estates* (Or. State Bar Legal Pubs. 2023).

¹⁷ See Yam, *supra* note 1; Conn. Gen. Assemb., Off. of Legis. Rsch., *Estate, Inheritance, and Gift Taxes in CT and Other States*, 2024-R-0197 (2024), <https://cga.ct.gov/2024/rpt/pdf/2024-R-0197.pdf>.

¹⁸ S.B. 5813, 69th Leg., Reg. Sess. (Wash. 2025) (codified at Wash. Rev. Code § 83.100.040).

¹⁹ See *WA Democrats Roll Back Estate Tax to Push Income Tax*, Seattle Red (Mar. 13, 2026), <https://seattlred.com/taxes/washington-real-estate-tax/4117184>.

²⁰ Engrossed S.B. 6347, 69th Leg., Reg. Sess. (Wash. 2026); see *Wash. State 2026 Session: Legislature Repeals and Rolls Back Certain Recently Enacted Taxes*, Ballard Spahr (Apr. 2026), <https://www.ballardspahr.com/insights/alerts-and-articles/2026/04/washington-state-2026-session-legislature-repeals-and-rolls-back-certain-recently-enacted-taxes>.

remains at \$3 million for post-July 1 deaths, but the inflation index was effectively frozen. The 2026 calendar year therefore operates as a split-rate year in Washington. Decedents dying between January 1 and June 30, 2026 are subject to the 35% top rate. Decedents dying on or after July 1 are subject to the 20% top rate restored by SB 6347. Progressive Oregon politicians seeking to increase Oregon's top estate tax rate should take heed of how quickly Washington moved to roll back its increase.

B. Massachusetts: The Recent Threshold Reform

Massachusetts's estate tax reform is often cited by Oregon reform advocates. Through 2022, Massachusetts maintained a low \$1 million exemption²¹ coupled with a 0.8% to 16% graduated rate structure. In October 2023, the Massachusetts Legislature raised the exemption to \$2 million for decedents dying on or after January 1, 2023²².

Three features of the Massachusetts reform deserve attention. First, the new threshold is not indexed for inflation and will erode in real terms, as Oregon's \$1 million figure has eroded since 2006. Second, Massachusetts implemented the change through a \$99,600 credit applied uniformly to all taxable estates²³ rather than a true exclusion of the first \$2 million from the tax base. Third, the reform paired the threshold increase with a separate exclusion for in-state real estate from the Massachusetts taxable estate of nonresidents²⁴ — a feature Oregon does not provide.

²¹ Mass. Gen. Laws ch. 65C, § 2A (2022) (pre-amendment exemption of \$1 million).

²² Act of Oct. 4, 2023, ch. 50, 2023 Mass. Acts (codified at Mass. Gen. Laws ch. 65C, § 2A (2023)).

²³ Mass. Gen. Laws ch. 65C, § 2A(b) (2023); Mass. Dep't of Revenue, Form M-706 Instructions (2024).

²⁴ Mass. Gen. Laws ch. 65C, § 2A(d) (2023).

Like Oregon and Washington, Massachusetts does not allow portability between spouses and does not impose a separate gift tax. Lifetime gifts are not pulled back into the Massachusetts estate, although gifts made within three years of death are added back for purposes of computing the federal taxable estate, which then flows through to certain Massachusetts calculations.

IV. Planning for Oregon Clients

The current regime imposes practical demands on Oregon estate planners that practitioners in no-estate-tax states do not face.

A. Domicile Planning

For Oregon residents with sufficient mobility and ties to other jurisdictions, change of domicile to a no-estate-tax state is the most direct response to the estate tax. Options for relocation presently include California, Idaho, Nevada, or Arizona. Continued ownership of Oregon real estate does not by itself defeat a domicile change but does subject the Oregon-situs property to apportioned Oregon estate tax at the nonresident rate.²⁵

Domicile planning carries non-tax costs — family separation, professional dislocation, loss of long-established community ties — that often make it impractical for clients with deep Oregon roots. For those clients, planning shifts to tools that can be deployed without relocating.

B. Trust-Based Planning at the First Death

For married couples with combined assets above \$1 million but below approximately \$5 million, the foundational planning tool is the credit shelter trust (CST) at the first death. The CST should be drafted with an Oregon-only formula tied to Oregon exemption, with disclaimer flexibility built in. Trust funding at the first death requires affirmative action by the surviving

²⁵ Or. Rev. Stat. § 118.010(6) (2023) (apportionment formula for nonresident decedents); Or. Admin. R. 150-118-0150.

spouse and the trustee — retitling assets, segregating accounts, and filing the Oregon estate tax return that elects the trust funding.²⁶

While the CST tool provides flexibility to preserve part, or all, of the first deceased spouse's unused Oregon estate tax exemption, there are significant potential drawbacks to establishing a CST sub-trust that may offset the Oregon estate tax savings, including:

- (1) Assets disclaimed into the CST will not receive a second step up in basis at the death of the surviving spouse.²⁷
- (2) The CST needs its own EIN and must file annual tax returns if its gross income is at least \$600.²⁸ This filing requirement can add to trust administration costs over time.
- (3) The legal work needed to disclaim assets and fund the CST may increase legal costs upon the first spouse's death.

A creative solution to the potential loss in stepped up basis is to convert real estate interests owned by the first deceased spouse that might have otherwise been allocated to the CST into one or more promissory notes owed by the survivor's trust to the CST. These notes must charge reasonable interest based on the Applicable Federal Rate (AFR). In addition to the written disclaimer, this technique should be documented with one or more deeds, purchase agreements, and promissory notes.

C. Lifetime Gifting Programs

²⁶ See Or. Rev. Stat. § 118.013 (Oregon special marital property election, requiring affirmative election on the Oregon estate tax return); see generally Philip N. Jones, *Decoupling and the Oregon Estate Tax*, 73 Or. St. B. Bull. 19 (Apr. 2013).

²⁷ I.R.C. §§ 1014(a), (b)(9), 2041(a)(2).

²⁸ I.R.C. § 6012(a)(4).

Oregon's lack of a gift tax makes lifetime gifting an important tool for avoiding Oregon estate tax. Annual exclusion gifts of \$19,000 per donee per donor (2026) compound over time: a couple with three children and six grandchildren can move \$342,000 per year out of the Oregon estate without using any federal exemption.²⁹ Larger taxable gifts — reported on federal Form 709 but generating no Oregon return — can move substantial value while the federal \$15 million exemption is available.

Lifetime gifts may also be made to a variety of advanced planning trusts:

1. Spousal Lifetime Access Trusts (SLATs). One spouse creates an irrevocable trust naming the other spouse and descendants as beneficiaries, funded with assets removed from the donor spouse's estate. The donee spouse retains indirect access to trust distributions, providing a measure of comfort that the assets remain available to the marital unit. Properly structured, the SLAT removes the gifted assets from both spouses' Oregon taxable estates and permits the donee spouse to receive distributions throughout life.

2. Grantor Retained Annuity Trusts (GRATs). A GRAT allows the grantor to transfer appreciating assets to descendants while retaining an annuity stream over a fixed term; if the assets appreciate at a rate exceeding the IRS § 7520 rate, the excess passes to remainder beneficiaries free of gift and estate tax³⁰.

3. Intentionally Defective Grantor Trusts (IDGTs). The grantor sells appreciating assets to an irrevocable IDGT in exchange for a promissory note. Because the trust

²⁹ I.R.C. § 2503(b); Rev. Proc. 2024-40, 2024-45 I.R.B. 1100 (setting 2026 annual exclusion at \$19,000 per donee).

³⁰ I.R.C. § 7520 (valuation rate); I.R.C. § 2702(b) (qualified annuity interest); Treas. Reg. § 25.2702-3.

is a grantor trust for income tax purposes, the sale is not a recognition event³¹, and post-sale appreciation accrues outside the grantor's estate.

4. Irrevocable Life Insurance Trusts (ILITs). An irrevocable life insurance trust (ILIT) shields life insurance proceeds from Oregon estate tax. An ILIT requires Crummey withdrawal rights for premium funding³² and careful avoidance of incidents of ownership by the insured. Oregon clients facing the high end of the 10-16% rate range might contemplate converting investments into whole life insurance policies held in ILITs, which might not otherwise be competitive investments but for the potential estate tax savings.

V. The Reform Landscape

Oregon's estate tax has been the subject of recurring legislative attention since at least 2019, but the 2025 and 2026 sessions produced the most concentrated activity in the regime's fourteen-year history. A survey of the recent reform efforts illustrates the difficulty of building a working coalition in a highly fractured political environment.

A. The 2025 Session: Four Failed Bills

The 2025 Oregon legislative session saw four estate tax reform bills, each representing a different approach. House Bill 2301 would have replaced the graduated rate structure with a flat 7% rate above a \$7 million exemption³⁷ — a sharp simplification that paired substantial threshold relief with a meaningful rate cut for larger estates. Senate Bill 405 took a different tack, proposing full conformity with the federal exemption³⁸ (then \$13.61 million). House Bill 3934

³¹ Rev. Rul. 85-13, 1985-1 C.B. 184 (treating grantor and trust as same taxpayer for income tax purposes); I.R.C. §§ 671–679 (grantor trust rules).

³² *Crummey v. Comm'r*, 397 F.2d 82 (9th Cir. 1968).

³⁷ H.B. 2301, 83d Leg. Assemb., Reg. Sess. (Or. 2025).

³⁸ S.B. 405, 83d Leg. Assemb., Reg. Sess. (Or. 2025).

would have indexed the existing \$1 million exemption for inflation³⁹, with retroactive application to decedents dying after January 1, 2024. House Bill 2112 proposed a sliding-scale increase in the exemption phased in over several years⁴⁰.

None of the four bills advanced past committee. The political alignment was familiar: business and agricultural groups supported relief in some form; public-sector unions and progressive policy organizations opposed any reduction in revenue absent offsetting rate increases on larger estates; rural Republicans sought outright repeal; urban Democrats sought to preserve the existing revenue stream, which generates approximately \$250–300 million per biennium⁴¹. The bills addressed those constituencies in different combinations, but none assembled the votes needed to clear committee.

B. Senate Bill 1511: The 2026 Compromise That Stalled

SB 1511 was the product of a deliberate effort by Senator Broadman and his allies to assemble a coalition that the 2025 bills had failed to build. The bill’s structure addressed the principal objections of each constituency. To business and middle-class homeowners, it offered a substantial threshold increase from \$1 million to \$2.5 million, indexed for inflation. According to the Legislative Revenue Office, the change would have eliminated or reduced estate tax exposure for roughly three-quarters of the returns filed in 2023⁴². To progressive constituencies, it offered rate increases on estates above \$2.9 million, with a new top rate of 19.9% for estates exceeding

³⁹ H.B. 3934, 83d Leg. Assemb., Reg. Sess. (Or. 2025).

⁴⁰ H.B. 2112, 83d Leg. Assemb., Reg. Sess. (Or. 2025).

⁴¹ Or. Legis. Revenue Off., *Estate Tax Revenue Forecast* (2024); see also Or. Office of Econ. Analysis, *Quarterly Economic & Revenue Forecast* (Dec. 2024).

⁴² Or. Legis. Revenue Off., *Revenue Impact of S.B. 1511* (Feb. 2026); see also VanderHart, *supra* note 3.

\$8.5 million — a top rate that would have been among the highest in the nation, second only to Washington's pre-rollback 35%.

The bill passed the Senate Finance and Revenue Committee on February 18, 2026, and the full Senate on February 24, 2026 by a 22–5 vote⁴³. It then encountered serious resistance in the House. Estate planning attorneys testified that the bill's rate structure produced an effective marginal tax rate of between 38% and 63% on the first \$500,000 above the \$2.5 million threshold⁴⁴ — a phenomenon caused by the interaction between the new threshold and a carryover of the existing fractional formula that arguably clawed estates above \$2.5 million back to a \$1 million effective deduction. Oregon Business and Industry raised a separate constitutional concern: because SB 1511 would increase tax rates, the bill arguably should have originated in the House under the Oregon Constitution's revenue-origination clause⁴⁵. SEIU 503, while supporting the rate increases, opposed indexing the threshold for inflation⁴⁶, arguing it would erode revenue over time.

The bill stalled in the House Revenue Committee. The 2026 short session adjourned on March 8 without further action. The current \$1 million exemption and 10–16% rate structure therefore remain in effect.

C. Initiative Petition 51 and the November 2026 Ballot

⁴³ S. Journal, 83d Leg. Assemb., 2026 Reg. Sess. 285 (Or. 2026); *see* Press Release, *supra* note 3.

⁴⁴ *Hearing on S.B. 1511 Before the H. Comm. on Revenue*, 83d Leg. Assemb., Reg. Sess. (Or. 2026) (testimony of Heather Gilmore, estate planning attorney); *see* Charles, *supra* note 4.

⁴⁵ Or. Const. art. IV, § 18 ("Bills may originate in either House, but may be amended, or rejected in the other; except that bills for raising revenue shall originate in the House of Representatives."); *see* VanderHart, *supra* note 3 (reporting Oregon Business & Industry's constitutional objection).

⁴⁶ SEIU Local 503, *Testimony on S.B. 1511 Before the S. Comm. on Fin. & Rev.*, 83d Leg. Assemb., Reg. Sess. (Or. Feb. 18, 2026).

With legislative reform stalled, attention has shifted to the ballot. Initiative Petition 51, titled “End the Death Tax,” was filed in July 2025⁴⁷ and is currently gathering signatures. The petition would repeal Oregon’s estate tax in its entirety, prohibit any future inheritance tax, and bar local governments from imposing transfer taxes at death. The signature deadline is July 1, 2026; the measure, if it qualifies, would appear on the November 2026 general election ballot, with an effective date of January 2027.

The political prospects of IP 51 are uncertain. Oregon voters have historically been reluctant to approve tax cuts that are characterized as benefiting wealthy estates, but the long erosion of the \$1 million threshold and the legislature’s repeated failure to act may have shifted public opinion.

VI. Conclusion

During their lifetimes, Oregonians are subjected to arguably the highest state and local tax burden in the nation.⁵⁷ Oregon’s anomalous state estate tax thus adds insult to injury for families accumulating a modest level of wealth ready to engage in estate planning. While no hard data is yet available, it appears likely that at least some retirees paying significant state and local income taxes are choosing to relocate to other states at least in part because of the Oregon estate tax. Oregon’s estate tax has reached a point at which inaction is itself a policy choice with significant consequences. The \$1 million exemption, set in 2011 and unchanged in fourteen years⁵⁸, now reaches a population of decedents — long-tenured homeowners of ordinary means

⁴⁷ Or. Initiative Petition 51 (2026), filed July 2025; see Or. Sec’y of State, *Initiative & Referendum Database*, <https://sos.oregon.gov/elections/Pages/irr-database.aspx>.

⁵⁷ *Tax Burden by State in 2026*, WalletHub, <https://wallethub.com/edu/states-with-highest-lowest-tax-burden/20494> (last visited May 5, 2026).

⁵⁸ Or. Laws 2011, ch. 526, codified at Or. Rev. Stat. ch. 118 (decoupling Oregon’s estate tax from the federal regime and establishing the \$1 million exemption).

— that the original legislation almost certainly did not intend to capture. The federal regime, fixed at \$15 million under OBBBA, has retreated entirely from the typical Oregon estate. The state regime, by contrast, has migrated downward in real terms with each passing year.

The 2026 legislative session demonstrated both the pressure for reform and the difficulty of achieving it. SB 1511 represented the most thoughtfully constructed compromise in fourteen years of attempts — a meaningful threshold increase paired with rate adjustments that would have made the regime more progressive overall — yet it could not survive the House Revenue Committee. The structural objections raised against it (the marginal rate cliff above \$2.5 million, the constitutional revenue-origination concern⁵⁹, the SEIU 503 opposition to indexing) suggest that even a more carefully drafted successor bill will face significant headwinds in the 2027 session.

Initiative Petition 51 offers a different path — outright repeal by direct democratic action — but would give the ultra-wealthy a huge tax break while leaving a gaping hole in public services funding. Comparison to the neighbors illustrates the range of paths available: Washington’s 2025–2026 experience cautions against reforms that produce headline-grabbing top rates, while Massachusetts’ threshold doubling demonstrates⁶⁰ that incremental reform is politically achievable. The challenge for Oregon is that fourteen years of inaction have made incremental reform feel inadequate, while comprehensive overhaul has so far proven politically unattainable.

⁵⁹ Or. Const. art. IV, § 18 ("Bills may originate in either house, but may be amended or rejected in the other; except that bills for raising revenue shall originate in the House of Representatives.").

⁶⁰ 2023 Mass. Acts ch. 50, § 36 (raising the Massachusetts estate tax exemption from \$1 million to \$2 million for decedents dying on or after January 1, 2023).

In the meantime, the practitioner's task is unchanged. Oregon clients with assets approaching or exceeding \$1 million require active planning — credit shelter trusts at the first death, lifetime gifting programs, life insurance owned outside the estate, and where appropriate, the Natural Resource Credit. At the same time, practitioners must balance other important, often countervailing goals – keeping estate plans relatively simple, preserving the step up in basis, and keeping a cap on legal fees.