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Summary

Democrat Senators use the Oregon legislative short session to introduce Senate Bill 1511, which would raise the top estate tax rate to 19.9%. It's time for Oregonians to move forward with IP51 and permanently end the death tax.

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“When given a chance to repeal or reform Oregon’s near worst-in-the-nation estate tax, Senate Democrats voted to make it even more punitive.”

Failed Senate Bill 1511 Would Raise Death Tax to 20 Percent: It’s Time for IP51

By John A. Charles Jr.

When Governor Kotek announced her [“Prosperity Roadmap”](#) in December, she quickly appointed former Republican Senator Tim Knopp as her Chief Prosperity Officer.

Given such aspirations, one might logically assume that Democratic colleagues would introduce legislation in the February session to promote economic opportunity for fellow Oregonians. Unfortunately, that legislation never arrived.

When given a chance to repeal or reform Oregon’s [worst-in-the-nation](#) estate tax, Senate Democrats voted to make it even more punitive. They passed [SB 1511-A](#), which increased the top tax rate on estates from 16 percent to 19.9 percent.

Proponents defended the measure on grounds it provides “tax relief” by raising the exemption on estates from the current level of \$1 million to \$2.5 million. However, once the estate value crossed \$2.5 million by even one dollar, the rate spiked.

Several estate planning attorneys [testified](#) against the bill, each of whom arrived at the same conclusion: the legislature had designed such a convoluted formula for estates over \$2.5 million that the “effective taxable amount” landed between 38 and 63 percent on the first \$500,000. In the [testimony](#) of Heather Gilmore, she called it “a confusing and unusual tax structure.”

Another estate planning lawyer, John Draneas, [explained](#), “the primary negative...is the dramatic clawback of these benefits for estates over \$2.5 million. A \$3 million estate will pay an Oregon estate tax of \$261,250. That is more than half, 52.25 percent to be exact, of the \$500,000 increment over \$2.5 million.”

Fortunately, the House Revenue Committee was less enthusiastic about the bill than their Senate counterparts. The Committee held a [public hearing](#) during the final week of session but never took a vote. The bill died upon adjournment.

There are 38 states with no estate tax, and Oregon’s current \$1 million exemption is the lowest of the 12 who exact an estate tax.



Moreover, significant non-financial assets are at stake. As [Tom Holt](#) testified during the hearing, “People who are retired and have resources disproportionately participate in our civic life.”

Retirees tend to have the time, talent and resources to serve on civic boards and generously contribute to charitable organizations. Those defending the death tax rarely talk about [this loss](#) to our state’s wealth.

Holt also reminded the Committee that retirees are the most responsive to incentives or disincentives in the tax code. “Those folks won’t just stand around but will arrange their estates or domicile to avoid some of the highest estate taxes in the country,” he commented. “We should want those people to stay.”

SB1511 makes it clear that the Oregon legislature will not reform the death tax, so voters should do it for them. [Initiative Petition 51](#) was filed last July with a simple title, [End the Death Tax](#). If Oregonians gather enough signatures to place IP 51 on the 2026 November ballot, voter approval would repeal the Oregon estate tax, prohibit an inheritance tax, and prohibit both at the local level as well.

We live in an era of the greatest intergenerational wealth transfer in world history, with baby boomers leaving trillions of assets to family, friends, and charities and giving back even more to the communities where they live. In Oregon, tax collectors want even more of the cut, already amounting to more than \$1 billion per biennium for the few who stay.

Now that the short session is over, Oregon’s taxpayers should put their efforts into signing Initiative Petition 51. With a little effort, Oregon can go from worst to first in the nation—and its retirees can leave a legacy of greater worth than mere dollars alone.

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