

Measures 79, 84 All About Fairness

By Jan Meekoms

What a shame the political discourse in this country has come down to the 1 percent versus the 99 percent. If Measure 84 fails, it will be because the issue is an easy target for such 1-percent-99-percent thinking. Looked at thoughtfully, it should pass handily, because it addresses a great unfairness in the tax code.

Measure 84 would phase out the state's death tax over three years. Someone literally has to die for the tax to kick in, so its official title as an estate tax really is misleading. A Sept. 15 editorial in *The Wall Street Journal* tells an all-too common story of what an Oregon family farmer faces in trying to keep a business solvent.

"Last year, after Oregon farmer Pauline Andrews's grandparents died, her family had to pay several thousand dollars in death taxes to keep land that had been in the family for over 100 years, and they'll have to pay it again when her parents die. 'My family has paid taxes our whole lives ... We would definitely have to sell property just to be able to pay the death tax for the third time.' "

If you own a business, having mom and dad pass on to the afterlife does not reap you a windfall of loot. More often than should be the case, the state of Oregon thinks you should pay for that loss with a death tax. What people don't realize, which *The Journal* points out and accurately concludes its editorial with is:

"Often, the businesses own assets like buildings, land, equipment or vehicles that make them eligible for the tax but aren't liquid enough to allow a sale to pay the tax collector. To obey the law, heirs are forced to sell parts of their businesses or close it down to come up with the cash ... The best reason to repeal the death tax is moral: It punishes a lifetime of thrift for the inevitability of death and no purpose but punishment."

Death taxes make up less than 1.5 percent of the state's revenue. Seeing what a barrier it is to both attracting businesses and having them passable to the family, 29 states have abolished their death taxes in the last 10 years. Oregon should do the same by passing Measure 84.

While we're on the theme of fairness, Measure 79 would also have a healthy effect on our state's tax code. But first allow me a brief digression. Do you sense a percolating outrage that while most people's property values have declined over the past few years, their property taxes have not only not been held current levels -- or decreased commensurately -- but have instead increased. This is not how the tax is supposed to work.

The nonpartisan Tax Foundation gives the reason why. In its *2012 State Business Tax Climate Index*, the Foundation notes, "In the recent economic downturn, real and personal property taxes have been a contentious subject as individuals and businesses protest higher taxes on residential and business property even though property values have fallen. That occurs because local governments generally respond to falling property values not by maintaining current tax rates and enduring lower revenue, but by raising taxes to make up the revenue."

In other words, only you are responsible for reining in your expenses when your income falters—but never your government. Although it would be nice if it did, Measure 79 does nothing to force state and local governments to financially suck it in when the rest of us have to, but it does seek to head off a second slap in the face by preventing governments from charging property owners a transfer fee when selling their property, undervalued as it already is.

Measure 79 deserves passage for not further adding fuel to a growing fire over the unfairness of the state's tax code. Because they're all about fairness, voters should pass Measures 79 and 84.

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