

The People of Oregon do enact as follows:

Section 1, Title:

This Act shall be known, and may be cited as, **The Very Rich Pay Their Fair Share Act** (“The Act”)

Section 2, Findings:

- (a) The Very Rich Pay Their Fair Share Act will enact a new 2% wealth tax to be applied on the assets of Oregon taxpayers who have \$30 million or more in assets in any tax year;
- (b) The Very Rich Pay Their Fair Share Act tax shall be levied on all forms of property and wealth, whether tangible or intangible, including, but not limited to, shares of capital stock, stock options, bonds, properties, and ownership of businesses;
- (c) The Very Rich Pay Their Fair Share Act recognizes a core economic fact, typically ignored by politicians and analysts who cater to the wealthy, that the vast wealth of Oregon is not created by individual rich people but by thousands of people who go to work every day, do their jobs with dignity and labor for a modest paycheck;
- (d) The Very Rich Pay Their Fair Share Act also recognizes that the very rich make their fortunes because of the taxes paid by regular working people—money that builds roads and rail that ferry people to their jobs or transport manufactured goods, finances schools and universities that turn out skilled workers and, generally, creates the full spectrum of a thriving economy;
- (e) Therefore, The Very Rich Pay Their Fair Share Act will return to the people of Oregon a small portion of the fruits of their hard work by reinvesting the taxed wealth of the very rich for the benefit of every person living in the state;
- (f) The Very Rich Pay Their Fair Share Act further finds that the people of Oregon deserve great schools, world-class infrastructure, a clean and healthy environment, beautiful parks, safe neighborhoods, and good jobs with strong wages and benefits;
- (g) In its efforts to provide to every person the basic standard of living described in Subsection (f) of this Section, the state of Oregon has consistently faced funding shortfalls over the past decade, imperiling critical services for the vast majority of Oregonians;
- (h) The principle reason for a lack of income to fund critical services for the vast majority of the people of Oregon is that today’s tax systems do not effectively tax the wealthiest individuals, partly because wealthy individuals can hire an army of lawyers and accountants to dodge taxes;
- (i) The state faces an additional estimated loss of \$15 billion in revenue over the next decade due to the effects of the 2025 federal tax legislation (also known as the so-called One Big Beautiful Bill Act (OBBBA))
- (j) The 2025 federal tax bill (OBBBA) will cut taxes by more than **one trillion dollars** for the top one percent of taxpayers nationwide;

- (k) The tax cuts for the top one percent will be largely paid for by \$930 billion in cuts to Medicaid, with Oregon among the states facing the worst Medicaid funding shortfalls.
- (l) Taken together, the long-term underfunding of critical services and the effect of a catastrophic decline over the next decade in federal funds will mean the vast majority of working-class and middle-class Oregonians will face a frayed safety net, schools that continue to fall short of serving future generations, an erosion of the physical beauty of our cherished parks, a rise in hunger and lack of shelter for kids, inadequate health care; crumbling infrastructure; and a general economy stunted by the choking off of vital investments;
- (m) The wealth accumulated by the very rich comes not primarily from a regular paycheck like regular folks. Instead, the very rich accumulate wealth by piling up assets like stocks, stock options, bonds, properties, and ownership of businesses;
- (n) Wealth is more unequally distributed than labor-producing income resulting in a heavier tax load carried by the vast majority of working-class and middle-class people who rely on paychecks to pay the bills;
- (o) Tax rules implemented at the state and federal level end up allowing the very wealthy to owe very little on the profits from the sales of assets;

Section 3, Purpose and Intent:

- (a) The chief purpose of this initiative is to address state budget shortfalls and make the state's tax system more equitable by modestly shifting tax obligations away from working-class and middle-class individuals and requiring the very wealthy to shoulder a slightly fairer share of the state's revenue needs;
- (b) The revenue from the tax will be directed to the state's General Fund;
- (c) The proposed 2% tax on wealth of \$30 million or more would only effect approximately 4,600 taxpayers in Oregon, just 0.2 percent of all Oregon's taxpayers, based on 2022 data assembled by the nationally-recognized Institute for Taxation and Economic Policy (itep.org);
- (d) Extensive research, and application of wealth taxes worldwide, confirms that wealth taxes exactly similar to the 2% tax on wealth outlined in The Very Rich Pay Their Fair Share Act protect and enhance the overall economy of the implementing jurisdiction, and can be administratively implemented efficiently without overburdening the capacity of taxpayers or state tax authorities;

Section 4, Execution and Computation of Tax

- (a) Upon passage of the initiative, proper enforcement will require:
 1. Collection of comprehensive data;
 2. Sanctions for tax evasion on the part of a taxpayer and/or tax evasion services;
 3. Proper resources allocated to the Department of Revenue, or other enforcement agencies, for the purpose of auditing and implementing effectively The Very Rich Pay Their Fair Share Act;

- (b) Upon passage of the initiative, the Oregon Department of Revenue will immediately, and without delay, begin administrative and operational implementation of the tax;
- (c) In implementing this initiative, the Oregon Department of Revenue will adhere to the following broad principles:
 - a. Define and publish criteria for “asset”, which, for the purposes of taxation under the Act, will be any resource of financial value including, but not limited to, physical property (such as real estate, vehicles or art); intangible property (such as intellectual property, patents and trademarks) and digital property (such as cryptocurrency);
 - b. Valuation for the purposes of computing taxation would set as a baseline the worth of the current asset at the time of purchase;
 - c. The Department of Revenue will set a standard, annual published rate of appreciation for each year an asset was held which would be used to assess the wealth tax at current valuations;
 - d. When the asset is sold, if that asset brings in more than the standard, published rate, then, the individual/household would pay an additional wealth tax amount based on the difference between the standard assumed rate of appreciation and what it actually sold for;
 - e. Conversely, if the asset declined in value, then, the individual/household could file for a wealth tax refund upon the sale of the asset;
 - f. The Department of Revenue will, building on existing, proven and reliable methods, create world-class wealth reporting mechanisms to serve as reliable data to calculate and levy The Very Rich Pay Their Fair Share Act tax, including, but not limited to, adopting proven mechanisms to prevent money laundering, asset shifting and tax evasion;
 - g. To ensure success pursuant to the will of the voters, the Department of Revenue will promulgate reporting requirements to minimize self-reporting by requiring employers and financial institutions to show the value of the widest possible set of assets and debts at the end of the year.
- (d) Furthermore, upon passage by the voters of the Act:
 - a. The Department of Revenue may take into account debts and other liabilities of the taxpayer for purposes of determining the taxpayer’s net worth but only genuine debts and liabilities may be taken into account;
 - b. Debts and liabilities of a taxpayer due to a partnership, limited liability corporation or other business entity (other than a sole proprietorship) shall not reduce the net worth computation;
 - c. A pledge to make a future contribution to a charitable or philanthropic organization shall not reduce the net worth unless such a pledge is legally enforceable by the organization to which a contribution is pledged;
 - d. The fair market value of each asset owned by a taxpayer is the price at which the asset would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell, and both having reasonable knowledge of relevant facts. The location of an asset shall be taken into account wherever appropriate. For an asset that is generally obtained by the public in the retail market, the fair market value of the asset is the price at which the item or a

comparable item would be sold at retail. The fair market value of an asset shall not be:

- i. The price that a forced sale of the property would produce; or
 - ii. The sales price in a market other than that in which the property is most commonly sold to the public, if the price in such market would result in a lower fair market value;
- e. The following valuation methods, exclusions, and reporting requirements shall apply to the following specific asset types:
- i. For all publicly traded assets, the fair market value of the asset shall be presumed to be the asset's market trading value at the end of the individual's tax year;
 - ii. For all sole proprietorships or limited liability corporations (LLCs), all assets owned by or held through a sole proprietorship or LLC shall be reported and valued as though they were directly owned and held by the taxpayer and not through a sole proprietorship or LLC;
 - iii. Except assets and entities governed by paragraphs (i) and (ii), for all interests in any business entities, including all equity and ownership interests, all debt interests, and all other contractual or noncontractual interests, the taxpayer shall report for purposes of valuation the following at the time when forms are filed:
 1. The percentage of the business entity owned by the taxpayer,
 2. The book value of the business entity as of the end of the tax year, determined according to generally accepted accounting principles; and
 3. The book profits of the business entity in the tax year according to generally accepted accounting principles. For purposes of this paragraph, "the tax year" of the business entity means the latest tax year of the business entity ending within or with the tax year of the taxpayer.
- (e) Tangible personal property located outside Oregon is excluded if located outside Oregon for at least 270 days of the relevant tax year, except that an asset shall not be so excluded if relocated temporarily with a substantial purpose of avoiding tax;
- (f) If the reporting required under this Section, subparagraph (d), Clause (e) is impossible because the taxpayer lacks information on the book value or the book profits of the business entity and also lacks the right to obtain that information, the taxpayer must submit a certified appraisal of all of the taxpayer's interests in the business entity.
- (g) For any interests that confer voting or other direct control rights, the percentage of the business entity owned by the taxpayer shall be presumed to be not less than the taxpayer's percentage of the overall voting or other direct control rights.
- (h) For any profits and interests in a business entity, the percentage of the entity owned by the taxpayer shall be presumed to be not less than the maximum such percentage interest of the entity's profits the taxpayer may earn, without respect to whether such profits interest is subject to a condition precedent that has not yet been met.
- (i) The following categories of assets shall be exempt from all taxation and reporting requirements:

- a. Amounts held in Roth **IRA** or other Roth-type retirement arrangements or any substantially similar accounts, except in circumstances when such accounts in which the taxpayer holds a beneficial interest, either directly or indirectly, exceeds \$1 million (\$1,000,000) in present value;
- (j) For all other assets, including art and collectibles, financial instruments other than those that are publicly traded, intellectual property rights, debts and other liabilities owed to the taxpayer (other than those that are publicly traded), and vehicles and other personal property, the taxpayer may exclude up to \$100,000 of total asset value of those assets from net worth and from the reporting requirements. The taxpayer must report the fair market value of those assets and submit a certified appraisal;
- (k) Except for assets and entities governed by this Section, subparagraph (D), Clause (e) (i, ii and iii) for all other interests in any business entities including all equity and other ownership interests, all debt interests, and all other contractual or noncontractual interests, the fair market value of those interests at the end of any tax year shall be presumed to be the sum of the book value of the business entity according to generally accepted accounting principles as of the end of the tax year;
- (l) For all interests in trusts, net worth shall be determined as follows:
 - a. An individual's net worth includes the net worth of any grantor trust of that individual;
 - b. For purposes of determining whether an individual's net worth is in excess of \$30 million (\$30,000,000) net worth shall include the value of property held by any trust (other than a grantor trust or tax-exempt trust) to which the individual transfers or has transferred property.
- (m) If the taxpayer can demonstrate with clear and convincing evidence that the presumed value of assets would substantially overstate or understate the actual value of the business entity owned by the taxpayer or the percentage owned by the taxpayer, the taxpayer may instead submit a certified appraisal of the percentage of the business entity owned by the taxpayer and then use the certified appraisal value in place of the presumed percentage method;
- (n) For the purposes of the 2% Wealth Tax, a married couple shall be considered one individual;
- (o) The Department of Revenue shall adopt regulations, or publish guidance, detailing the requirements for certified appraisals and for appraisers explicitly qualified to assess wealth and make certified appraisals for purposes of the implementation of the tax;
- (p) The Legislature shall comply with the statute and pass, by majority vote, any implementing administrative and operational legislation required under state law, including any budgetary requirements, such as enhanced enforcement resources, to ensure taxpayer compliance with the The Very Rich Pay Their Fair Share Act;
- (e) Passage of this initiative empowers the Legislature to enact further regulations to expand and bolster the provisions of Section 4 (c) to incorporate other steps to prevent taxpayers subject to the newly enacted Wealth Tax from sheltering or shielding any applicable assets.

Section 5, Enforcement and Penalties

In order to ensure compliance with the voters' intent as expressed in the passage of the Act, significant penalties will be levied against taxpayers who are subject to the tax who attempt to evade payment of the tax.

The penalties levied against a taxpayer will fall under two categories of evasion: "substantial understatement" or "gross understatement" which are defined as follows:

- (a) An understatement is substantial if that understatement exceeds the greater of the following:
 - a. One million dollars (\$1,000,000).
 - b. Twenty percent of the tax shown on an original return or shown on an amended return filed on or before the original or extended due date of the return for the taxable year.
- (b) An understatement is a gross understatement if that understatement exceeds the greater of the following:
 - a. Five million dollars (\$5,000,000).
 - b. Forty percent of the tax shown on an original return or shown on an amended return filed on or before the original or extended due date of the return for the taxable year.

A taxpayer subject to the tax who files a substantial or gross understatement of the tax owed for any taxable year shall be subject to the following penalties levied as an addition to the taxes owed:

1. The penalty for a substantial understatement under this Section, Clause (a) shall be an amount equal to 20 percent of any understatement of tax. "Understatement of tax" means the amount by which the tax imposed by this part exceeds the amount of the tax shown on an original return or shown on an amended return filed on or before the original or extended due date of the return for the taxable year;
2. The penalty under this Section, Clause (b) for a gross understatement of tax shall be an amount equal to 40 percent of any understatement of tax;
3. The financial penalty imposed shall be in addition to any other penalty imposed by civil action, or any other violation of law that occurred during the failure to abide by the provisions of the Act.

Section 6, Legislative Authority:

The Legislature may amend the The Very Rich Pay Their Fair Share Tax Act by statute when passed in each House of the Legislature by rollcall vote entered in the journal, with two-thirds of the membership concurring, if, and only if, the statute is consistent with, and furthers the purposes of The Very Rich Pay Their Fair Share Tax Act.