



Feb. 27, 2025

**TO:** Members of the House Committee on Revenue

**FR:** Derek Sangston, Oregon Business & Industry

**RE:** Support for HB 2092 – Rolling Connection to Federal Tax Law

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Chair Nathanson, Vice-Chair Reschke, Vice-Chair Walters, members of the House Committee on Revenue. For the record, I am Derek Sangston, policy director and counsel for Oregon Business & Industry (OBI).

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

Thank you for the opportunity to testify in support of HB 2092 as introduced. As introduced, HB 2092 would preserve Oregon's rolling or automatic connection to the Internal Revenue Code, and specifically to the federal definition of taxable income for personal and corporate income taxpayers. The bill would also update the parts of Oregon tax law that are outside of the definition of taxable income so that those provisions remain up to date with current tax rulings, interpretations, and audit parameters.

OBI and its members support this status quo connection with federal tax law for many reasons. Importantly, by ensuring Oregon's tax policy is consistent with federal law, the state's current rolling connection eases the compliance burden on taxpayers, reduces the administrative burden on the Department of Revenue, and establishes consistent processes for taxpayers who do not use CPAs to file their taxes. This benefits the state by increasing taxpayer compliance and lowering the costs to the state for issuing underpayment notices and performing audits. By preserving our automatic connection to federal tax law and retaining a more predictable tax code, Oregon is also placed in a better position to compete for jobs and business investment.

The dash-one amendment, by connecting Oregon tax policy to federal taxable income as of December 31, 2024, would disregard the value of Oregon's rolling connection for a remote situation that the state may never realize. Changes to federal tax policy could increase or decrease Oregon revenue collections depending on what those changes entail. We simply do not know what, if any, federal tax changes would include at this time.

However, we do know that adopting a static connection to the federal tax law would present a very real challenge for taxpayers trying to manage their books and the state's administration of its own tax policies by requiring additional resources be committed to ensure compliance. It would

also likely have the effect of requiring increased legislative action as Congressional changes, judicial decisions, and IRS interpretation change the definition of taxable income over time that Oregon would have to decide connect with or not. Leading to a much more complex and worse tax policy for Oregonians.

For those reasons, I request that this committee pass HB 2092 as introduced and reject the dash-one amendment. Thank you for your consideration.

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