

# Bonus Depreciation

## A flawed tax policy putting Oregon at risk.

Enacted by H.R. 1, bonus depreciation allows corporations to immediately deduct the full cost of expenses, such as machinery, property, etc., from their Oregon taxable income, *even if those purchases were made out of state*. Despite a promise of new spending and job creation, past research casts doubt on that claim. Bonus depreciation has only proven to be a costly tax break for national corporations.



### THIS TAX POLICY ...

#### Drives investment out of OR

Bonus depreciation allows corporations to get a tax cut in Oregon for making out of state investments.<sup>1</sup>

#### Fails to create new jobs

Past research shows bonus depreciation doesn't boost employment, failing to deliver on its major promise.<sup>2</sup>

#### Destabilizes our budget

Oregon will lose up to \$641 million in the next six years due to bonus depreciation, if the policy takes full effect.<sup>3</sup>

### OREGON HAS BEEN HERE BEFORE

**Past connections to federal bonus depreciation led to budget chaos for Oregon,** creating unanticipated revenue losses that ultimately hurt schools, hospitals, and the families who can least afford cuts to essential services.

Oregon can learn from past mistakes and join the 27 other states and counting that have already decoupled from federal bonus depreciation.<sup>4</sup>

### DISCONNECTING BENEFITS OREGON

#### Disconnecting is smart economic policy.

Businesses are asking for better workforce training, infrastructure, and roads. By disconnecting from this policy, Oregon can make more of those investments a reality.

**Disconnecting is fair to everyone.** Oregon taxpayers expect big corporations to play by the same rules. This levels the playing field.

### BY THE NUMBERS

27

number of states that decoupled from bonus depreciation

- \$641m

Oregon revenue, in millions, lost to bonus depreciation over next three bienniums

0

number of Democratic Members of Congress who supported H.R. 1

1. Neva Butkus, Kamolika Das, Marco Guzman, Dylan Grundman O'Neill, Miles Trinidad, "Five Issues for States to Watch in the Federal Tax Debate," Institute on Taxation and Economic Policy, June 3, 2025.
2. Chuck Marr and Brandon DeBot, "Ineffective "Bonus Depreciation" Tax Break Should Remain Expired," Center on Budget and Policy Priorities, November 13, 2014.
3. Legislative Revenue Office. "The Impact of Title VII (of H.R. 1) on General Fund Revenue." August 27, 2025.
4. Bloomberg Tax Comparison Chart. "State Conformity with Federal Bonus Depreciation Rules." August 2023.

