



February 4, 2026

**TO:** Members of the Senate Committee on Finance and Revenue

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

**RE:** Opposition to Disconnecting from Tax Provisions of H.R. 1

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Chair Broadman, Vice-chair McLane, members of the Senate Committee on Finance and 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 1,500 member companies, more than 75% 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 opposition to the -4 amendment to SB 1507, which would disconnect from several pro-growth provisions of H.R. 1. OBI has long supported Oregon's automatic connection to federal tax law. By so closely mirroring federal tax law and automatically copying most changes to it, individual and business taxpayers benefit from lower administrative burdens and costs associated with paying their state taxes. Those cost savings are so significant that OBI has even supported remaining connected to federal provisions that increase the tax burden paid by businesses in Oregon.

Of great significance, the -4 amendment to SB 1507 would disconnect from a provision that allows companies to immediately expense investments in equipment and machinery. Not only does allowing bonus depreciation for investments in those assets help businesses of all sizes invest locally and create new jobs, but the revenue projections for this provision do not sufficiently show the dynamic impact those investments have in Oregon.

For instance, one of my members – a family-owned manufacturer headquartered in the Portland metro area – told me they are relying on bonus depreciation to help them finance larger capital investments, specifically upgrades to their production equipment and machinery to reduce their environmental impacts. Another member – a family-owned food processor based in rural Oregon – pointed out that disconnecting from the bonus depreciation provisions would significantly increase its compliance burden and it would send a message that Oregon believes local businesses do not deserve this much-needed investment. Disconnecting from bonus depreciation would put both of these Oregon-based businesses at a competitive disadvantage with their competitors in Washington, Colorado, and Nevada. It would also limit the number of employees they can hire and the amount they can pay their employees. All of which would reduce the economic investments made in Oregon.

Framing a decision to disconnect from bonus depreciation as a tax break additionally ignores that the state will still receive this revenue in future biennia. Instead of expensing these investments immediately, which would free up capital for Oregon businesses to hire new employees and increase wages, those businesses would expense those investments over the course of up to 20 years. Consequently, disconnecting from bonus depreciation would change when the state receives this revenue not if it receives it.

Oregon is also not considering this issue in a vacuum. Between 2019 and 2023, Oregon's effective business tax burden increased 33% and the Tax Foundation now ranks Oregon's corporate tax structure as the second worst in the country. Other metrics published by CNBC rank Oregon 47<sup>th</sup> for business friendliness and 43<sup>rd</sup> for its cost for doing business. Meanwhile, 27 states reduced a major tax rate between 2021 and 2023. Oregon must compete with those states for businesses, economic investment, and jobs. Based on the significant job losses over the last year and higher than average unemployment, by no metric is Oregon prospering.

While we have been heartened by the recent acknowledgment that Oregon is in dire need of economic development – including the Governor's creation of the Prosperity council – and we have pushed for the adoption of a job creation tax credit similar to the one created by the -4 amendment, OBI urges this committee not to adopt that credit in an apparent exchange for disconnecting from the bonus depreciation provisions in H.R. 1. Not only would it increase the administrative burden borne by Oregon's least sophisticated businesses and expire after six years, but it is simply insufficient to offset yet another policy that would ultimately make Oregon's tax system more burdensome and less competitive when compared to the tax systems of other states.

For those reasons, I urge this committee to reject the -4 amendment and pass SB 1507 only as it would be amended by the -3 amendment, which maintains Oregon's automatic connection to federal tax law. Thank you for your consideration.

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