

Submitter: Joseph Cusic
On Behalf Of:
Committee: Senate Committee On Finance and Revenue
Measure, Appointment or Topic: SB1507

Dear Chair Broadman, Vice Chair McLane, and Members of the Committee:
I am writing to strongly oppose Senate Bill 1507, particularly the proposed amendments (including -4 and related changes) that would partially disconnect Oregon's tax code from recent federal tax provisions under the One Big Beautiful Bill Act (federal H.R. 1). While I understand the motivation to address projected revenue shortfalls, this approach amounts to a targeted tax increase on Oregonians and businesses at a time when our economy is already strained by high costs, inflation, and federal policy shifts.

Oregon has long benefited from rolling conformity to the federal tax code, which simplifies compliance for taxpayers and aligns state policy with national standards. Automatically decoupling from key federal provisions—such as the deduction for qualified passenger vehicle loan interest, the exclusion for qualified small business stock gains, and bonus depreciation for machinery and equipment—effectively raises taxes on middle-class families, small businesses, and job creators without broad public debate or voter input.

Key concerns include:

Impact on Everyday Oregonians — Eliminating the state-level deduction for auto loan interest directly hits working families who finance vehicles for commuting, family needs, or small business operations. This is real financial relief that many rely on, especially in rural and suburban areas where public transit is limited. Claiming this provision has "little to no impact" on average residents ignores the reality of car-dependent lifestyles in much of Oregon.

Harm to Small Businesses and Economic Growth — Disconnecting from qualified small business stock exclusions and limiting bonus depreciation reduces incentives for investment in equipment, expansion, and innovation. Small businesses—already facing high energy costs, regulations, and labor challenges—will find Oregon less competitive compared to states that maintain federal alignment. This could discourage job creation and capital investment precisely when we need more economic vitality.

Net Effect as a Tax Hike — While the amendments claim to preserve \$291–\$342 million in revenue (net after new/expanded credits), this comes at the expense of taxpayers through higher effective taxes. Republicans and groups like Oregon Business & Industry have rightly called this "doing more harm" to our economy. Instead of closing so-called "loopholes," the state should prioritize spending restraint, efficiency, and using existing resources to balance the budget.

Lack of Transparency and Process — Introducing major tax changes as a "gut-and-stuff" amendment to an unrelated pre-session bill (originally about conditional sales

tax triggers) bypasses thorough public scrutiny. This rushed approach in a short session undermines trust in the legislative process.

Rather than raising taxes through selective decoupling, I urge the Committee to reject these amendments and focus on:

Controlling government spending to match available revenue.

Pursuing pro-growth policies that attract businesses and jobs without penalizing investment.

Allowing full federal conformity to provide certainty and relief to taxpayers.

Oregonians deserve lower taxes and a more competitive environment—not targeted increases disguised as revenue preservation. Please vote against SB 1507 as amended and protect our economy from further burdens.