

Submitter: Cody James

On Behalf Of:

Committee: Senate Committee On Finance and Revenue

Measure, Appointment or Topic: SB1507

I strongly oppose Senate Bill 1507 as introduced and as amended, particularly the latest proposed Amendment -5 (filed 2/3/26). This legislation threatens Oregon's economic competitiveness and imposes higher taxes on working families, small businesses, and job creators.

The introduced bill conditions meaningful reductions in personal income taxes, corporate excise and activity taxes, corporate minimum taxes, and estate taxes on enacting a statewide retail sales tax of at least 3%—a policy Oregon voters have rejected repeatedly. This conditional structure serves as a backdoor to a sales tax, holding real relief hostage while directing offset revenue to government programs.

Amendment -5 (and prior versions like -4) exacerbates the problem by decoupling Oregon's tax code from key federal tax relief provisions in the "One Big Beautiful Bill Act." It requires add-backs to Oregon taxable income for:

Differences in allowable deductions under IRC §168(k) (bonus depreciation for machinery/equipment).

Gains from qualified small business stock exclusions.

Deductions for qualified passenger vehicle loan interest.

These changes preserve \$291–342 million in state revenue this biennium by blocking automatic alignment with federal cuts meant to support families (e.g., car loan relief) and businesses (e.g., accelerated depreciation). Oregon already imposes one of the nation's highest income tax burdens; refusing these federal-style breaks acts as a de facto tax increase on middle-class households, entrepreneurs, and companies investing in equipment or growth.

While the amendment includes expansions to the Earned Income Tax Credit and new job creation credits, these narrow benefits do not offset the broader harm of higher effective taxes and reduced incentives for investment. Groups like Oregon Business & Industry have pledged vigorous opposition, warning that such decoupling "digs our economic hole deeper" and undermines competitiveness.

Oregon needs unconditional tax relief, simplification, and policies that attract jobs—not revenue-preserving maneuvers, conditional gimmicks, or pathways to a sales tax. I urge the Committee to reject SB 1507 in all forms, including Amendment -5, and

prioritize growth-oriented reforms.

Thank you for considering this opposition. Oregonians deserve better than tax hikes disguised as budget fixes.