

Submitter: Steven Harper

On Behalf Of:

Committee: Senate Committee On Finance and Revenue

Measure, Appointment or Topic: SB1507

To: Chair Broadman, Vice-Chair Weber, and Members of the Senate Committee on Finance and Revenue

From: Steven Harper

Date: February 4, 2026

Subject: Testimony in Opposition to SB 1507 (2026 Regular Session)

Chair Broadman and Members of the Committee,

My name is Steven, and I am writing to you as a resident of Salem who is struggling to keep up with the rising cost of living in Oregon. I am testifying in opposition to SB 1507 because it balances the state budget by taking away tax relief that low-income families like mine rely on, while simultaneously opening the door to a regressive sales tax.

1. Removing Deductions for Essentials (The Car Loan "Tax Hike")

One of the most concerning parts of this bill is the "disconnect" from the federal deduction for car loan interest. For many Oregonians, a car is not a luxury; it is a requirement to get to work, especially in areas where public transit is unreliable or non-existent.

With interest rates at historic highs, the interest on a used car loan is a major monthly expense. By "disconnecting" from this federal relief, the state is essentially telling low-income workers that we have to pay more in taxes for the "privilege" of having a way to get to our jobs. This isn't "closing a loophole" for the wealthy—it's a direct hit to the working class.

2. The False Promise of Tax Credits

Supporters of this bill point to the increase in the Earned Income Tax Credit (EITC) as a win for the poor. While a few extra percentage points on a tax credit are helpful, they do not make up for the immediate, year-round loss of deductions or the long-term threat of a sales tax. Furthermore:

Tax credits are only received once a year after filing.

The costs we face—like car payments, insurance, and the potential for a sales tax on

every purchase—hit us every single week.

A "back-end" credit does not help a family pay their utility bill or fix their car in October.

3. The Threat of a Sales Tax

SB 1507 is structured as a "trigger" bill that ties income tax reductions to the implementation of a statewide sales tax. A sales tax is the most regressive form of taxation possible. It takes a much larger percentage of income from someone making \$30,000 a year than it does from someone making \$300,000.

Even if the bill claims it will "reduce" income taxes later, low-income Oregonians cannot afford to have the cost of every gallon of milk, every pair of shoes for our children, and every household essential increased by 3% or more. We have rejected a sales tax at the ballot box nine times for a reason: it hurts the most vulnerable people in our state.

Conclusion Oregonians are already being squeezed by inflation and record-high housing costs. SB 1507 adds to this burden by removing federal tax relief for working-class expenses and laying the groundwork for a new tax on our daily spending.

I ask you to prioritize the immediate needs of struggling families and vote NO on SB 1507.

Sincerely,

Mr Steven Harper