

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

Dear Members of the Senate Committee on Finance and Revenue,

I submit this testimony in strong opposition to SB 1507 and any proposal that would introduce a statewide retail sales tax in Oregon, even if conditioned on reductions in other taxes. This measure represents yet another misguided attempt to layer new burdens on hardworking Oregonians already crushed by one of the nation's most punitive tax regimes.

Oregon currently imposes one of the highest state individual income tax rates in the country, with a top marginal rate of 9.9% that kicks in at relatively modest income levels (over approximately \$125,000 for single filers or \$250,000 for joint filers, based on recent brackets). This places Oregon among the top tier nationally—far exceeding states like Washington (no income tax), Texas, Florida, Nevada, and others with zero or low income taxes. Many neighboring and competitive states maintain rates well below Oregon's, often flat or capped at 4-5%. Adding a sales tax on top of this would make Oregon's overall tax burden even more uncompetitive, driving residents and businesses away at a time when we can least afford it.

This proposal arrives amid an ongoing affordability crisis that Democratic leaders frequently lament in public statements. Housing costs in Portland and across the state remain astronomical, with nearly 90% of metro-area homes unaffordable to median-income households (around \$95,000). The state ranks poorly in housing production, affordability indices, and overall cost of living—exacerbated by high taxes that reduce disposable income for families already struggling with rent, mortgages, groceries, and utilities. Introducing a sales tax would directly increase the price of everyday essentials, hitting low- and middle-income Oregonians hardest in a regressive manner. If affordability is truly a priority, why pursue policies that make life more expensive rather than addressing root causes like regulatory barriers to housing and excessive government spending?

The unpopularity of recent tax hikes provides further evidence that Oregonians reject this approach. The proposed gas tax increase and vehicle registration fee hikes (via measures like HB 3991) faced massive grassroots backlash, with opponents gathering record signatures to refer the issue to voters—demonstrating clear public opposition. These transportation-related increases were seen as burdensome and poorly justified, yet the state pushed forward anyway. A sales tax would face similar, if not greater, resistance from a populace weary of endless revenue grabs.

Finally, before considering any new taxes, the state must urgently revisit policies that unnecessarily inflate costs. Oregon's sanctuary policies limit cooperation with federal immigration enforcement, including ICE deportations of convicted individuals in our jails and prisons. Allowing such deportations could restore access to significant federal funding currently at risk or withheld due to non-cooperation. More directly, it

would reduce the substantial burden on our prison system: annual incarceration costs average around \$44,000–\$80,000+ per inmate (with recent figures showing high per-day costs translating to tens of thousands yearly). Deporting eligible non-citizen offenders convicted of serious crimes would lower court, attorney, and long-term incarceration expenses—potentially saving millions in taxpayer dollars while prioritizing public safety and resources for Oregon citizens.

In summary, SB 1507 is the wrong solution at the wrong time. Oregon already taxes its residents heavily through income taxes; we do not need a sales tax to compound the problem. Reject this bill outright and focus instead on spending restraint, regulatory reform for affordability, and practical steps like enhanced federal cooperation to cut waste and restore fiscal sanity.

Thank you for your consideration.