OREGON AUTO DEALERS ASSOCIATION

My name is Greg Remensperger, and I am the Executive Vice President of the Oregon Auto Dealers Association, OADA. OADA is the statewide trade association that represents over 200 franchised new car and truck dealerships across Oregon —a $12 billion industry supporting over 27,000 jobs.

I am writing today in opposition of disconnecting the state tax rules from the federal treatment of car loan interest. It would create significant legal, administrative, and policy problems. Below are key arguments against doing so.

- Returns and federal definitions, to administer state taxes efficiently.
- The federal rules for the new car loan interest deduction already require specific lender reporting on interest paid and define what is a “qualified” or “specified” passenger vehicle loan.
- If a state disconnects, it cannot fully piggy-back on federal reporting; it may need its own forms, instructions, software changes, and training to verify state-only deductions or disallowances, raising administrative costs.
- The federal provisions are structured with income limits and phaseouts (e.g., deduction phasing out between roughly 100,000–150,000 for single filers and 200,000–250,000 for joint filers), to target benefits to certain income ranges.
- If a state allows or disallows car interest differently from the federal government, two taxpayers with identical economic situations could receive very different total tax benefits depending purely on where they live, undermining horizontal equity.
- Disconnecting from those phaseouts or caps can also distort vertical equity, either amplifying benefits for higher-income households (if the state is more generous) or disproportionately burdening mid-income households that already rely on federal relief.

At a time when affordability of a vehicle purchase is impacting every buyer, a disconnection will take away financial incentives that would help in certain circumstances.

We urge you to consider these factors and stop the disconnection.

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