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February 11, 2026

Senate Committee on Finance and Revenue
Written Testimony
SB1549 : Political Contribution Credit

I am neutral on this bill.

I am an Oregon tax professional and have prepared income tax returns in this state since 2017. The political contribution credit affects many of my clients. I support the attempt to make this credit more valuable to Oregonians, but the bill as proposed does not go far enough.

The increase is too much. The increase in the credit from \$50 (\$100 for a couple) to \$1000 or \$2000 is potentially a 200% increase. This seems like it would be expensive in terms of revenue and provides a benefit only to modest-income taxpayers who make large contributions.

The eligibility range is still too low. The credit is only available to taxpayers with adjusted gross income up to \$75,000 for a single person and \$150,000 for a couple. These limits mean that most taxpayers who would contribute more than small amounts would not get the benefit of the credit anyway. Under current law, this credit does not phase out – it falls off a cliff when adjusted gross income goes \$1 over the threshold. So there is no benefit whatsoever to most taxpayers who might actually make a \$1000 contribution.

The 2-year life of this proposal is weird and suspicious. The increase would only last through 2027, and then we would be back to the \$50 and \$100 limits. What is the point? Is this in order to control the cost of a 200% increase? Is it related somehow to the next presidential election?

The proposal is not quite ready for primetime and should be amended.

- The increase should be permanent.
- If the credit is increased much, it should have a phaseout, not a cliff.
- If it makes sense to increase availability of the credit at all, the upper income limit should be higher.

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