

February 17, 2026

Senate Committee on Finance and Revenue
Oregon State Capitol
900 Court Street NE
Salem, OR 97301



Re: Maintain Oregon's Connection to Federal Tax Law – Opposition to Federal Tax Disconnect

Dear Chair and Members of the Committee:

On behalf of the McMinnville Area Chamber of Commerce and the more than 500 businesses we represent, I write to urge you to preserve Oregon's connection to federal tax law and oppose any proposal that would disconnect the state from key federal tax provisions.

Oregon businesses and taxpayers are already navigating one of the most challenging economic climates in recent memory. Since 2019, the state tax burden on individuals and businesses has grown significantly. Corporate tax collections have surged, and high marginal rates on individual income have positioned Oregon as one of the most expensive states in the country to earn, invest, and grow a business.

At the same time, economic indicators are troubling. Private sector employment has declined, manufacturing jobs are contracting, and population growth has stagnated. Many communities are experiencing reduced consumer confidence, workforce contraction, and diminished investment activity. In this environment, tax stability and competitiveness are not optional—they are essential.

Oregon's connection to federal tax law is one of the few remaining elements that supports simplicity, predictability, and economic alignment. Maintaining that connection helps ensure:

- Administrative simplicity for taxpayers and small businesses
- Reduced compliance costs
- Stability in long-term business planning
- Alignment with federal incentives designed to spur investment

Disconnecting from federal tax law—particularly from provisions that encourage reinvestment and capital formation—would undermine Oregon's ability to recover and compete.

Key federal provisions that directly support economic growth include:

Bonus Depreciation / Full Expensing

Full expensing allows businesses to immediately deduct investments in machinery, equipment, and other capital purchases. This provision encourages modernization, workforce expansion, and productivity improvements.

Research & Development (R&D) Expensing

Allowing immediate expensing of R&D investments strengthens innovation and supports high-wage industries. Continued alignment enhances the effectiveness of Oregon's own economic development tools.

Small Business Expensing

This targeted provision allows small businesses to benefit directly from investments, helping them scale, upgrade operations, and hire locally.

Low-Income Housing Investment Incentives

Federal incentives that support housing investment are especially important in a state facing housing supply

constraints. Maintaining alignment helps preserve opportunities for development in underserved communities.

Disconnecting from these provisions would effectively increase taxes on business investment at a time when Oregon can least afford to discourage growth. It would further widen the competitiveness gap between Oregon and neighboring states and send the wrong signal to employers evaluating where to expand or relocate.

If Oregon is serious about economic recovery, workforce growth, and long-term prosperity, we must avoid policies that increase uncertainty and discourage reinvestment.

The McMinnville Area Chamber of Commerce respectfully urges you to preserve Oregon's connection to federal tax law and reject any proposal that would further increase the tax burden on businesses and working families.

Thank you for your consideration and leadership.

Sincerely,

John Olson
President & CEO
McMinnville Area Chamber of Commerce