



February 20, 2026

House Committee on Revenue
Oregon State Legislature
State Capitol
900 Court Street, NE
Salem, Oregon 97301
Re: Opposition to SB 1507A

Dear Chair Broadman, Vice Chair McLane, and Members of the Senate Committee on Finance and Revenue,

As a Certified Public Accountant and member of the Oregon Society of CPAs, I am writing to express my strong opposition to Senate Bill 1507. After careful review of the bill and its implications, I believe its passage would have significant negative consequences for Oregon taxpayers, businesses, and the state's overall economic competitiveness.

1. Increased Tax Burden and Reduced Incentives for Investment

SB 1507 proposes to disconnect Oregon from several key federal tax provisions, including:

- The deduction for qualified passenger vehicle loan interest,
- The exclusion for gain from the sale of qualified small business stock (IRC §1202),
- The allowance of federal bonus depreciation (IRC §168(k)).

By requiring taxpayers to add back these deductions and exclusions on their Oregon returns, the bill would directly increase state taxable income and, consequently, state tax liabilities for both individuals and businesses. The disallowance of bonus depreciation, in particular, would force businesses to spread deductions for capital investments over several years rather than allowing immediate expensing, reducing cash flow and discouraging investment in new equipment and technology. Similarly, eliminating the exclusion for small business stock gains would penalize entrepreneurship and risk-taking, making Oregon less attractive for startups and investors.

2. Increased Complexity and Compliance Costs

Oregon has long benefited from a policy of “rolling conformity” with the federal Internal Revenue Code, which streamlines tax compliance for both taxpayers and practitioners. SB 1507’s targeted decoupling from specific federal provisions would create a patchwork of state-specific rules, requiring taxpayers to maintain separate records and calculations for federal and Oregon tax purposes. This increases the risk of errors, the likelihood of audits, and the administrative burden on both taxpayers and the Department of Revenue. For small businesses and individuals who rely on commercial tax software or professional preparers, these changes would mean higher compliance costs and greater confusion.

3. Negative Impact on Economic Competitiveness

Oregon's ability to attract and retain businesses depends in part on a stable, predictable, and competitive tax environment. By disconnecting from federal provisions that are designed to encourage investment, innovation, and economic growth, SB 1507 would put Oregon at a disadvantage relative to other states that continue to conform to the federal code. The loss of bonus depreciation and the small business stock exclusion would make Oregon less appealing for new and expanding businesses, potentially driving investment and jobs to other states.

4. Disproportionate Impact on Middle- and Lower-Income Taxpayers

While SB 1507 does propose an increase in the state earned income tax credit, this benefit is outweighed by the broader tax increases resulting from the addbacks and disallowances. The denial of the vehicle loan interest deduction, for example, would disproportionately affect working families who finance new vehicles for work and family needs. The overall effect is a tax system that is less equitable and more burdensome for those least able to absorb additional costs.

5. Uncertainty and Administrative Disruption

Frequent changes to Oregon's connection with the federal tax code create uncertainty for taxpayers, businesses, and tax professionals. The need to track which federal provisions Oregon conforms to in any given year complicates tax planning and increases the risk of inadvertent noncompliance. This uncertainty can also disrupt the state's revenue forecasting and budgeting processes, making it harder for policymakers to plan for the future.

Conclusion

For these reasons, I urge you to reject Senate Bill 1507. Maintaining Oregon's rolling conformity with the federal tax code provides simplicity, predictability, and fairness for taxpayers and supports the state's economic growth. I encourage the committee to consider the long-term implications of decoupling from federal provisions and to prioritize policies that foster a competitive and business-friendly environment in Oregon.

Sincerely,
Lucia Savage, CPA
lsavage@sorren.com
Sorren, Inc.