

Feb. 25, 2026

The Honorable Tina Kotek
Governor, State of Oregon
900 Court St. Suite 254
Salem, OR 97301

Dear Gov. Kotek:

The undersigned organizations respectfully request that you veto SB 1507, which would increase the tax burden for working Oregonians and state businesses by hundreds of millions of dollars. It would do so at a time when working Oregonians are struggling to make ends meet, when unemployment consistently exceeds the national average, when the state is losing private sector jobs year over year, when the state is falling (sometimes precipitously) in a wide range of competitive indices, when the state's GDP continues to grow more slowly than the national average, and when the tax and regulatory burdens carried by the state's employers have become so heavy that recruitment efforts by other states have produced what a state economist calls "an insane success rate."

Only months ago, your office released a welcome prosperity roadmap that identifies three strategic goals: Accelerate Oregon's economic growth; more living wage jobs, now; retain and grow Oregon businesses. The effective tax increases in SB 1507 would undermine every single one of these. If you are serious about achieving these goals and increasing prosperity for Oregonians, you must veto SB 1507.

SB 1507 would disconnect Oregon from the federal tax code in order to nullify three provisions of H.R. 1 for the purposes of state taxation.

- The first creates a tax deduction for interest paid on new car loans. Slashing this benefit, as SB 1507 would do, would further reduce the buying power of working Oregonians' income following years of soaring inflation. In addition to its three strategic goals, your prosperity roadmap aspires to a top-10 place in CNBC's annual America's Top States for Business ranking. In the latest ranking, Oregon finished 45th for cost of living – almost dead last. Adopting policies that make living in Oregon even *more* expensive for working Oregonians will not improve the well-being of the state's residents or move a key indicator in your prosperity roadmap in the desired direction.
- The second provision of H.R. 1 targeted by SB 1507 involves capital tax gains exclusions for qualified small business stocks. This Clinton-era program provides an incentive for

reinvestment in small businesses growth. It helps local companies grow and create living wage jobs. By undermining this benefit, supporters of SB 1507 inadvertently justify Oregon's abysmal CNBC business-friendliness ranking.

- The final component of H.R. 1 targeted by SB 1507 allows accelerated depreciation of qualified equipment. This is shortsighted and misguided. Accelerated depreciation is not any sort of tax break. Rather, it is a timing tool that allows businesses – particularly small and mid-sized businesses and capital-intensive businesses like manufacturing, agriculture, etc. – to invest in equipment that would increase productivity, increase energy efficiency and expand operations—ultimately leading to more people with good jobs. Further, because accelerated depreciation is about timing, this maneuver only shifts when Oregon will see revenue and possibly risks reduced revenue in the long-run as companies see one more signal from Salem that this is not a state for their investments. Again, the supporters of SB 1507 have worked to solidify Oregon's 47th-place business-friendliness ranking.

Another important thing to note about SB 1507 is that the revenue it generates, however short-term, is tied to Oregon's General Fund. According to the forecast released by the state economist earlier this month, the current General Fund budget is more than funded, with an additional nearly \$200 million in an ending fund balance and another \$3.4 billion (nearly 10% of General Fund) in savings/reserves. More revenue is simply not needed.

The undersigned organizations understand that vetoing SB 1507 will take courage. But failing to veto this bill would exacerbate the very problems that gave rise to your prosperity roadmap and prosperity council, whose members will have plenty of work to do without the added complication of SB 1507.

For these reasons, we respectfully urge you to veto SB 1507.

