



HB 2549: Disconnection from federal law to lower taxes not justified

House Committee on Revenue – John Calhoun – 2.14.2023

My name is John Calhoun and I am representing Tax Fairness Oregon, a network of volunteers who advocate a rational and equitable tax code.

The Tax Cuts and Jobs Act of 2017 (TCJA) slashed taxes on business. Among the reductions, the corporate tax rate, then 35% for most businesses, was cut to 21%. Proponents argued that a lower rate with fewer loopholes would be more economically efficient. HB 2549 would reinstate some of those loopholes—and cost Oregon business-tax revenue.

Section 2 would disconnect Oregon from federal calculations related to accelerated and bonus depreciation—provisions Congress has tinkered with for years.

Likewise, section 3, concerning the deduction of business interest, has been the subject of congressional deliberation and adjustment for decades. (Our colleague Bennett Minton was a corporate lobbyist on section 163(j).)

Oregon has no rationale for creating these exceptions to federal treatment. HB 2549 is an attempt to get the benefits of the TCJA for business without some of the offsets. A case of “have your cake and eat it too.”

The current state budget starts with a deficit. Most legislators recognize the need to increase spending in housing, mental health, and criminal justice. There is also widespread support for state funding to recruit and retain semiconductor companies in order to obtain a share of the federal funding in the CHIPS Act. The budget will not allow us to cut tax revenue for other business interests without harming funding for these other priorities.

Tax Fairness Oregon urges a no vote on HB 2549.

We read the bills and follow the money