

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
83rd Oregon Legislative Assembly
2026 Regular Session
Legislative Revenue Office

Bill Number: SB 1510 - 4
Revenue Area: Property, Income, & Fuel Taxes
Economist: Easton/Hart/Malik/Olen
Date: 2/15/2026

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Makes corrective modifications to Oregon's earned income tax credit by aligning applicability of past law changes (HB 2164 of 2019, and HB 2433 of 2021) with credit's underlying sunset date as extended by HB 2087 (2025).

Extends cargo container property tax exemption six years by moving the sunset date from June 30, 2026, to June 30, 2032.

Extends applicability of pass-through business alternative income tax (BAIT) and related personal income tax credit by two years, from tax years beginning before January 1, 2026, to tax years beginning before January 1, 2028. Applicable to overpayments made before January 31, 2028, allows a pass-through entity that has made a BAIT overpayment to have such overpayment credited as an estimated payment for the subsequent tax year.

For an Indian tribe qualifying for exemption from fuel license tax, removes the requirement that motor vehicle taxes must be expended in accordance with Oregon Constitution which requires expenditures of such revenues on transportation.

Revenue Impact (\$Millions):

Extension of Cargo Containers Exemption

	Biennium		
	2025-27	2027-29	2029-31
Local Governments	\$0	-\$0.1	-\$0.1

Impact Explanation:

Since foreign owned cargo containers are exempt under commerce law of the U.S. Constitution, impacts of cargo container property tax exemption are based on domestic owned containers located in Oregon on the January 1 assessment date. With weekly container service, there is about a 1/52 chance that the total number of domestic containers serviced in Oregon in a year will be at an Oregon port on the assessment date. Historically, Oregon serviced about 77,000 domestic containers per year (20-foot equivalent units). About one-fourth of domestic containers were processed at Port of Portland and three-fourths were processed at other Columbia River ports. Since the Oregon Container Terminal reopened at Port of Portland Terminal 6 on January 7, 2026, following several years of relatively limited cargo container service, domestic container service is expected to return to historic levels. A twenty-foot container that has been used for 10 years is typically about half the value of a new container, or about \$2,500.

The business alternative income tax (BAIT) and credit program is designed to be revenue neutral for Oregon, with a federal tax benefit for participating taxpayers. The BAIT and associated credit effectively provide a partial workaround of the federal limitation on itemized deductions of state and local taxes (SALT). This workaround is accomplished by shifting state income tax liability from the individual owner (where deductibility is limited) to the pass-through entity where such taxes are fully deductible against federal taxes. The SALT limitation was modified by H.R. 1 in 2025. For tax year 2025 the limit is \$40K and increased thereafter by one percent for TYs 2026 through 2029 before reverting to \$10K for tax years 2030 and later. For tax years 2025 through 2029, the SALT limit phases down to \$10K for higher income taxpayers. Participation in the BAIT program is voluntary and is driven by the extent to which personal business owners have state tax liabilities large enough to exceed the federal SALT limit. For tax year 2023, about 20,000 business entities and 27,000 individual taxpayers participated in the BAIT program reducing their federal income tax liability by roughly \$200 million. Allowing overpayments to be applied against subsequent estimated tax payments is primarily an administrative change. The BAIT is designed to be revenue neutral for Oregon though there could be a temporal shift of funds across fiscal years or biennia due to changes in timing of entity tax payments and tax credits being claimed.

Corrective modifications to Oregon earned income tax credit statute has no impact on revenue as statute is being aligned with current administration of credit.

Removing the expenditure requirement of the fuel license tax exemption for an Indian tribe is expected to cause about three million in revenue per year to no longer be required to be expended on roads by affected Tribes.

Creates, Extends, or Expands Tax Expenditure: Yes ☒ No ☐

The policy purpose of the cargo containers exemption is to maintain and improve Oregon's regional competitiveness in trade and ocean commerce.