

SB 1507 A STAFF MEASURE SUMMARY

Carrier: Sen. McLane

Senate Committee On Finance and Revenue

Minority Report

Action Date: 02/09/26

Action: Do pass with different amendments. (Printed A-Eng.) Minority

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

Report Signers: Sen. Anderson, Sen. McLane

Prepared By: Kyle Easton, Senior Economist

Meeting Dates: 2/4, 2/9

WHAT THE MEASURE DOES:

Increases Oregon's earned income tax credit to 14 percent of a taxpayer's federal credit, or 17 percent in the case of taxpayers with a dependent under the age of three. Applies to tax years 2026 and later. Updates connection date to federal Internal Revenue Code and other provisions of federal law. Updates connections by two years to December 31, 2025, or to January 1, 2026. Measure takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Economic, revenue, and budgetary impacts of 2025 federal legislation, H.R. 1
- Proposed expansion of Oregon's earned income tax credit
- Proposed disconnect from bonus depreciation
- Timing of impact of different depreciation policies
- Mechanics of depreciation
- Proposed jobs credit
- Disconnecting from deduction for vehicle loan interest
- Oregon's connection to federal tax system
- Revenue policy provisions in measure and respective revenue impacts.

EFFECT OF AMENDMENT:

-MR8 Replaced content of measure. MR8 reflects contents of the -3 amendment and the earned income tax credit expansion.

BACKGROUND:

Taxpayers allowed to claim the federal earned income tax credit (EITC) are allowed an Oregon EITC equal to a specified percentage of their federal credit amount allowed for the corresponding tax year. Measure increases Oregon's earned income tax credit to 14 percent of a taxpayer's federal credit, or 17 percent in the case of taxpayers with a dependent under the age of three (existing percentages are 9 and 12 respectively).

Oregon has had a continuing connection ("rolling reconnect") to the federal definition of taxable income since tax year 2011. Other ties to federal tax law must be updated on a regular basis, with December 31st and January 1st being the usual connection dates.