

SMART GROWTH COALITION

Testimony to the Oregon Senate Finance & Revenue Committee

Updating Oregon's Statutory Reference to Federal Taxes on International Income

February 11, 2026

Chair Broadman, Vice Chair McLane, and Members of the Committee:

For the record, I am Jeff Newgard with the Smart Growth Coalition. We represent traded-sector businesses committed to sound tax policy that encourages investment and prioritizes technical simplicity in Oregon's tax code. We are here in support of Sections 1 and 2 of SB 1510, updating the statutory reference from GILTI to NCTI, which reaffirms Oregon's taxes on international income.

If I were in your position, I would likely be wondering why a business group is actively supporting the state reaffirming taxes on its members. Usually, when a group doesn't have an issue with something, they are quietly neutral. The answer is quite simple — years of work.

After the Tax Cuts & Jobs Act of 2017 was passed into law, one of our members identified a quirk in Oregon law that would have resulted in a new federal tax on the repatriated earnings of global companies counterintuitively reducing state taxable income. We flagged that issue for this committee and worked to remedy the law in 2018. During the 2019 session, we continued that collaboration with the Department of Revenue and this committee to include GILTI in the state tax base. It was a painstaking process, despite the Department and taxpayers starting from the same starting point of including the income in the tax base. We participated in eight committee hearings and even more workgroup meetings facilitated by LRO staff. It was a long path, but we were able to craft a statutory policy that answered all the technical questions.

To our knowledge, Oregon was the only state where the business community proactively advocated for including GILTI in the tax base. Elsewhere, business groups fought the inclusion — winning in some states, losing in others. We chose tax certainty and to have a seat at the table.

There is a need for a technical amendment to fully update to the new terminology. In the introduced bill, on page 2, line 25, ORS 317.267(3) still references the old terminology for the apportionment treatment. In 2019, the policy agreement was that the final amount included in taxable income would be apportionable. Correcting the reference, either by striking the last sentence or changing the term, would maintain that policy.

Thank you. I'm happy to answer any questions.