

HR1 IMPACT ON OREGON



Contact: John Calhoun john@johncalhoun.org
Jim Scherzinger scherzcom@comcast.net

HR1 IMPACT ON OREGON

- **Oregon taxpayers pay less federal tax**
- **The state gets less income tax revenue due to connection**
- **The state gets less federal revenue for specific programs**
- **Oregonians lose direct federal subsidies for health care**
- **Conclusion**





HR1 IMPACT ON OREGON

Oregon impact larger than most other states

- **Oregon relies heavily on income tax**
- **Oregon more connected to federal tax**
- **Oregon expanded Medicaid more**



2026 OREGONIAN FEDERAL TAX CUTS

- \$5.6 billion in federal tax savings for Oregon individuals and businesses
- Higher incomes will get higher percentage reductions
- Over half of savings from continuing existing provisions
 - \$3.2 billion continuing
 - \$2.4 billion new

Compared to prior 2026 law

Income Group	Average Income	Average Tax Change	Change as % of Income
Bottom 20%	\$15,600	-\$70	-0.4%
Second 20%	\$40,900	-\$440	-1.1%
Third 20%	\$71,100	-\$1,400	-2.0%
Fourth 20%	\$121,500	-\$2,070	-1.7%
Next 15%	\$210,300	-\$3,920	-1.9%
Next 4%	\$463,700	-\$15,590	-3.4%
Top 1%	\$1,649,200	-\$42,580	-2.6%
TOTAL	\$116,500	-\$2,420	-2.1%

Source: ITEP tax model



2026 OREGONIAN FEDERAL TAX CUTS

- **\$2.4 billion of total federal savings are new**
- **Lowest incomes actually pay more federal tax than in 2025**
 - Expiration of health care credits

Compared to extending 2025 law

Income Group	Average Income	Average Tax Change	Change as % of Income
Bottom 20%	\$15,600	+\$70	+0.4%
Second 20%	\$40,900	+\$40	+0.1%
Third 20%	\$71,100	-\$390	-0.5%
Fourth 20%	\$121,500	-\$1,080	-0.9%
Next 15%	\$210,300	-\$2,440	-1.2%
Next 4%	\$463,700	-\$5,920	-1.3%
Top 1%	\$1,649,200	-\$17,430	-1.1%
TOTAL	\$116,500	-\$1,030	-0.9%

Source: ITEP tax model



REDUCED OREGON TAX REVENUE

- \$1.4 billion revenue reduction over 6 years
- Most personal cuts sunset in 2028 or 2029
- Revenue reduction front-loaded

	2025-27	2027-29	2029-31	Total
Personal provisions	-410	-282	59	-632
Business provisions	-574	-255	-111	-939
Other	8	-6	0	2
Direct effects	-975	-542	-52	-1,570
Indirect effects	87	74	42	203
Total	-888	-468	-11	-1,367

Source: LRO report #3-25



REDUCED OREGON TAX REVENUE

PERSONAL PROVISIONS	Sunset	2025-27	2027-29	2029-31	Total
Overtime	2028	-221	-157	0	-377
SALT	2029	-84	-83	-27	-194
Tips	2028	-78	-53	0	-131
Car loans	2028	-68	-80	-7	-155
Employer student loan	perm	-7	-11	-13	-31
Non-itemizer charity	perm	-8	-19	-21	-48
Other itemized	perm	51	106	119	276
Opportunity zones	perm	5	15	8	28
Total		-410	-282	59	-632

- Revenue from individual income higher in 2029-31
- Major increase is from continuing cap on mortgage interest deduction



REDUCED OREGON TAX REVENUE

BUSINESS PROVISIONS	Sunset	2025-27	2027-29	2029-31	Total
Depreciation/Expensing	perm	-351	-194	-96	-640
Research & Experimental	perm	-166	-40	-11	-217
Business interest	perm	-26	-9	-8	-43
Limit on business loss	perm	-26	-9	-8	-43
Charitable deduction floor	perm	5	7	7	19
International taxation	perm	-10	-10	5	-15
		-574	-255	-111	-939

Source: LRO report #3-25



FEDERAL PROGRAM CUTS

Programs Funded Through State Budget

	2025-27	2027-29	2029-31	Total
OHA (Medicaid)	-490	-4,376	-6,851	-11,717
DHS (SNAP)	-540	-1,183	-1,245	-2,968
Other	-1	-2	-2	-5
Total	-1,031	-5,561	-8,098	-14,690

- **\$15 billion in cuts over 6 years**
- **Impact mostly in future biennia**
- **Does not include impact of increased state administration costs**

Source: DAS 8/11/2025 Estimates



FEDERAL PROGRAM CUTS

Direct Cuts in Subsidies to Oregonians

- **Oregonians buying health insurance on Marketplace will see \$95-\$160 per month increases on top of inflation increases of about 10%.**

Source: OHA presentation 9/29/2025



CONCLUSION

- **HR1 protects the rich at the expense of the hunger and health of the less wealthy**
- **Response should counter this, at least not make it worse**
- **Simple tax reactions are not enough**
- **The reaction should prioritize**
 - **Businesses and individuals using strategies to avoid taxes altogether**
 - **Businesses and individuals getting large federal breaks**
 - **Changes that add a state break on top a new federal tax break**
 - **Federal incentives to companies not located in Oregon**

