

2026 LEGISLATIVE REPORT

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PUBLIC AFFAIRS
C O U N S E L

2026 Oregon Legislative Session Recap (February 2 – March 6)

The 35-day legislative “short session” opened on Monday, February 2nd with one major objective – to find enough money to balance the state’s budget and build enough of a financial cushion to whether any potential revenue fluctuations for the remaining 15 months of the 2025-27 biennium.

Just days after the 2025 legislature adjourned, the federal passage of HR 1 (“One Big Beautiful Bill”) in early July 2025 dealt the state a significant financial hit. Instead of being in a cash surplus position, the state quickly sunk into a \$360 million de ficit.

The tax cuts in HR 1 – and Oregon’s automatic connection to the federal tax code – cut \$880 million of anticipated revenue. In addition to the tax cuts – HR 1 also stemmed the flow of federal dollars into Oregon’s Medicaid and SNAP benefits.

By winter of 2025, legislators were exploring ways to generate about \$750 million in revenue to bring the state back into surplus. This included proposals to both raise tax revenue and also cut state spending. Governor Kotek directed all of her agencies to propose budget cuts for legislative consideration at two levels – a 2.5% “cuts” proposal and a more severe 5% proposal.

In the end, neither budget reduction scenario was considered as legislators received positive a positive revenue forecast in November 2025 (+\$300 million in added corporate tax revenue) and another positive forecast on February 4th (+\$286 million in added overall revenue).

Combined with the passage of a \$300 million tax package, the legislature was able restore its fiscal surplus and actually added \$200 million in new state spending with only modest cuts – a little over \$100 million – coming from eliminating unfilled positions across state government.

In the end, the 2026 Legislature will be remembered for these four issues:

1. **Tax increases.** **The most consequential action of 2026 was the passage of Senate Bill 1507** to disconnect from certain tax incentives in the federal HR 1 – the most notable and sizable of which was the \$267 million of bonus depreciation tax incentives due to Oregon businesses for investments in capital equipment. The majority Democrats came to internal agreement early on this bill and used their majorities to pass the legislation without Republican votes. This \$311 million tax bill was the linchpin of the session as it set the budget in place.

Republican legislators and taxpayer groups appear poised to collect signatures to refer the legislation to voters at the next general election.

2. **Gas tax referendum election.** **The biggest headline-grabbing issue of the session was Senate Bill 1599** – an effort by Democratic leadership to move the election date of the gas tax referral up from the November general election to the May primary election. In a demonstration of political power, Democrats succeeded in overcoming an onslaught of emotional and popular opposition to the bill to help eliminate a potential political liability for Democratic incumbents in the 2026 general election.

3. **Moda Center.** Very few things bring Oregonians together more than their professional basketball team – the Portland Trailblazers . **SB 1501 authorized \$365 million of state bonding capacity and created a dedicated revenue stream - income tax revenues paid by the Portland Trailblazers and other athletes and performers – to service the debt needed to make renovations to the Moda Center.** In taking an ownership stake in the Moda Center, the legislature was looking to step in and prevent the team from possibly re-locating. These improvements were deemed to be essential in the effort to keep the Trailblazers in Portland. The dealmaking to pass SB 1501 in many ways provided the blueprint to peaceably adjourn the 2026 legislature as surplus state revenues were generously appropriated to rural and Republican districts as part of the “go home” package.

4. **The Trump effect.** The person who exerted more influence on this year’s session than anyone else was President Trump. Many bills introduced this session were intended to counter federal policy, largely related to immigration enforcement and fiscal policy. SB 1507 is a notable example, as it was seen as a necessary rebuttal to federal tax policy. HB 4138 attempts to prohibit federal law enforcement from wearing masks; HB 4127 to keep Planned Parenthood opened in Oregon; SB 1570 to require hospitals to have policies in place to address hospital response if a federal law enforcement authority arrives at the hospital; HB 4111 to provide that evidence of a party's immigration status is not admissible as evidence in a civil proceeding; HB 4114 to create a civil cause of action against federal law enforcement who enter certain property without a warrant or an exception to the warrant requirement.

The 2026 legislature adjourned on Friday, March 6th having considered nearly 300 pieces of legislation and balancing the state’s budget after 33 days of work. The partisan rancor that characterized the short session quickly gave way to collegiality and comity as the session came to an orderly and expeditious close.

Oregon PERS Retirees, Inc. (OPRI) 2026 Legislative Session Summary

Public Affairs Counsel was pleased to advocate and monitor the following issues for the Oregon PERS Retirees, Inc during the 2026 Oregon legislative session. This is a recap of issues that were identified as legislative priorities and issues of concern for OPRI.

Kicker Surplus to Fund Public Interests (SJR 201): SJR 201 proposes a constitutional amendment to change how Oregon’s personal income tax “kicker” surplus is distributed. If the surplus exceeds \$300 million, half would still be returned to taxpayers while the other half would be deposited into reserve accounts to support public education and wildfire prevention and suppression. The measure also adjusts the \$300 million threshold for inflation and refers the proposed constitutional change to voters for approval at the next general election.

- **Final Outcome: Died.** The bill did receive some interest, and a public hearing, early in the session. But ultimately the bill stalled.

Changes to Oregon Estate Tax (SB 1511): SB 1511 increases the current \$1 million estate tax exemption into \$2.5 million exemption. To keep the bill “revenue neutral,” it establishes a new tax rate table with higher rates for estates above \$2.5 million. Estates between \$2.5 million and \$3 million would phase into full tax liability, and the filing threshold would also increase to \$2.5 million. The thresholds would be adjusted for inflation starting in 2028, and the changes would apply to estates of individuals who die on or after January 1, 2027.

Final Outcome: Died. The bill gained momentum and passed the Senate 22-5 before stalling in the House. The bill was seen as a compromise solution to addressing strong criticism of Oregon’s estate tax system which is now affecting any estate with \$1 million in assets.

PERS Eligibility for Public Safety Personnel (SB 1569): SB 1569 expands the definition of “police officer” for purposes of the Public Employees Retirement System (PERS) to include several additional public safety–related positions. Newly eligible positions would include assistant attorneys general, certain juvenile department staff, forensic scientists and evidence technicians, fingerprint specialists, medicolegal death investigators, and certain Oregon Military Department force protection officers. The measure would allow these employees to qualify for the PERS benefits and retirement provisions that apply to police officers.

Final Outcome: Died. The bill did receive considerable attention in the Senate Labor Committee but ultimately died due to cost concerns.

2026 Interim Key Dates

Tuesday, March 10, 2026: Filing Day.

Tuesday, May 19, 2026: Primary Election.

Wednesday, May 20, 2026: Revenue Forecast is released.

Monday-Wednesday, June 15-17, 2026: Legislative Committees meet.

Wednesday, August 26, 2026: Revenue Forecast is released.

Tuesday-Thursday, September 8-10, 2026: Legislative Committees meet.

Friday, September 11, 2026: Legislative Concept request deadline to Legislative Counsel.

Tuesday, November 3, 2026: General Election.

Wednesday, November 18, 2026: Revenue Forecast is released.

Tuesday, December 1, 2026: Legislative Counsel deadline to return LC drafts to legislators for pre-session filings.

Tuesday-Thursday, December 1-3, 2026: Legislative Committees meet.

Friday, December 11, 2026: LC filing deadline with Secretary of the Senate or House Clerk for 2027 bill introductions.

Tuesday, January 19, 2027: The Oregon Legislature convenes for the opening day of the 2027 legislative session.

Custom Report
Report Date: March 11, 2026

Oregon PERS Retirees

Bill Number	Position	Priority	Last Three Actions	Next Hearing Date
SB 1511	Watch	2	03/06/26 - In committee upon adjournment. 03/02/26 - Public Hearing held. 03/02/26 - Informational Meeting held.	

Relating to the estate tax; prescribing an effective date.

Converts the \$1 million exclusion for an estate subject to tax to a deduction of \$2.5 million

Bill Sponsor: Pre-session filed (at the request of Senate Interim Committee on Finance and Revenue)

3/10/2026 - Alicia Givens - Dead

SB 1569	Watch	2	03/06/26 - In committee upon adjournment. 02/17/26 - Referred to Ways and Means by order of the President. 02/17/26 - Recommendation: Without recommendation as to passage and be referred to Ways and Means.	
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Relating to public employee retirement.

Provides that certain members of the Public Employees Retirement System qualify as police officers under the system.

Bill Sponsor: Rep Evans; Rep Grayber; Rep Munoz; Rep Nelson; Rep Nosse; Rep Ruiz; Rep Smith G; Rep Wise; Sen Gelser Blouin; Sen Gorsek; Sen Manning Jr (Pre-session filed)

3/10/2026 - Alicia Givens - Dead

SJR 201	Watch	2	03/06/26 - In committee upon adjournment. 02/18/26 - Public Hearing held. 02/02/26 - Referred to Finance and Revenue, then Rules.	
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Proposing an amendment to the Oregon Constitution relating to surplus revenue.

Proposes an amendment to the Oregon Constitution to require a portion of surplus revenue that would otherwise be returned to personal income taxpayers to be used for funding public kindergarten through grade 12 education, community colleges and wildfire prevention and suppression, if surplus revenue exceeds a certain threshold.

Bill Sponsor: Rep Chotzen; Rep McDonald; Sen Frederick; Sen Manning Jr; Sen Neron Misslin; Sen Pham; Sen Prozanski (Pre-session filed)

3/10/2026 - Alicia Givens - Dead