To House Committee on Revenue Members,

I am writing to urge opposition to HB 2099, legislation that would expand the state's tax haven list to include the Netherlands and potentially Switzerland, among other nations. To label any country in this manner is arbitrary and is not aligned with global and U.S. tax norms. I ask you to oppose a tax haven list policy because it positions Oregon as a far less competitive location for foreign direct investment (FDI), jeopardizing future job creation from global companies.

HB 2099 would lead to tax hikes to all unitary foreign affiliates based in these jurisdictions. We oppose this type of tax policy for many reasons.

First, such an approach assumes a company is an abusive tax evader just because it operates in these deemed countries. This policy fails to distinguish between legitimate corporate actors and tax evaders, offers no safeguards, and imposes punitive taxation to all unitary firms in these countries, which is troubling and arguably unconstitutional (See See *Japan Lines, Ltd. V. Los Angeles County*, 441 U.S. 434 at 450, 1979). For example, Siemens has done business in the Netherlands since 1852, the United States since 1854 and in Switzerland since 1865.

In addition, no state has ever deemed the Netherlands or Switzerland as tax havens. Rather, these two countries are two of America's most important trading partners, adhere to bilateral tax treaties with the USA and are sources of FDI. Firms from these countries provide 841,000 U.S. jobs – more than 6,000 in Oregon – and produce over $21 billion in annual exports.

Finally, international companies want to invest in states that provide a predictable tax environment and align their tax policies with global tax norms and tax treaties. Convincing a company to relocate, expand, or invest in Oregon would be a challenge because foreign affiliates would now be double taxed by one U.S. state on income streams already taxed by other countries. Additionally, the uncertainty of which nations might be added to the list could further hurt the state's international outreach efforts.

Besides Oregon, only Montana has a tax haven list among the states, and it ranks dead last of all states in total job creation from FDI, an illustration that tax haven list policies are discriminatory tax policies that fail to distinguish legitimate business activities from abusive transactions. How could Governor Brown or any future Governor promote Oregon as at attractive market to firms based in any of the listed nations?

Simply put, HB 2099 would damage the state's reputation among potential foreign investors like my company looking to invest and expand operations. Siemens has a sizable physical presence in Oregon, employing 279 people at six facilities. Employee wages total $27 million and annual revenues are in the $380 million range.

And, Siemens is not alone in investing in Oregon. U.S. subsidiaries of global companies employ over 46,000 people in the state. These jobs are in important sectors such as research and development, senior management, and manufacturing, resulting in average salaries more than 33 percent higher than economy norms. These are the very jobs states seek to attract, but which are put at risk because of this legislation.

Thank you for your consideration of this important issue and please – if given the opportunity, vote no to HB 2099 and oppose any tax haven list policy to ensure Oregon remains a competitive and attractive location to invest and create jobs.

Cordially,

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