

To House Committee on Revenue Members,

As the State Tax Counsel of AkzoNobel, I 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. Labeling any country in this manner is arbitrary and is misaligned with global and U.S. tax policy. Labelling the Netherlands as a tax haven is especially troublesome to AkzoNobel since we have been in business there since the late 1700s. I urge you to oppose the tax haven list policy because it positions Oregon as a far less competitive location for foreign direct investment (FDI), jeopardizing future job creation from Netherlands headquartered companies like mine.

AkzoNobel has an important presence in Oregon, employing approximately 70 people at a coatings manufacturing plant in Salem.

AkzoNobel 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 like 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.

HB 2099 would add the Netherlands to the state's deemed tax haven list and lead to tax hikes to all unitary foreign affiliates based in the Netherlands. My company opposes this type of tax policy for many reasons.

First, this blacklist approach assumes my company is an abusive tax evader because we operate in the Netherlands. On the contrary, my company is headquartered in the Netherlands and we engage in countless legitimate business activities there such as manufacturing and research & development. But this policy fails to distinguish between legitimate corporate actors such as AkzoNobel and tax evaders, offers no safeguards, and imposes punitive taxation to all unitary firms in the Netherlands, which is alarming and arguably unconstitutional.

For example, AkzoNobel can trace its roots in the Netherlands back to the 1700's. Today, AkzoNobel's global headquarters are in Amsterdam with several thousand employees working in the country.

Second, no state has ever deemed the Netherlands as a tax haven. Rather, the Netherlands is one of America's most important trading partners and sources of foreign direct investment (FDI). The Netherlands has a bilateral tax treaty with the United States. Firms from the Netherlands provide 378,000 U.S. jobs and produce over \$16 billion in annual exports. These businesses employ around 1,800 people in Oregon.



Finally, my company invests in states that provide a predictable tax environment and which align their tax policies with global tax norms and tax treaties. Convincing my company to relocate, expand, or invest to Oregon would be a challenge if our Netherlands affiliates would be double taxed by one U.S. state on income streams already taxed by the Netherlands. Additionally, the uncertainty of which nations will be added to the list in the future could further hurt the state's outreach efforts across the globe.

Simply put, HB 2099 would damage the state's reputation among potential foreign investors like my company looking to invest and expand operations. We urge you to oppose HB 2099 and tax haven list policy overall to ensure Oregon remains a competitive and attractive location to invest and create jobs.

Thank you for your consideration of this important issue for my employees and the broader international business community.

Sincerely,



James Jackson
State Tax Counsel