ORGANIZATION FOR INTERNATIONAL INVESTMENT
INTERNATIONAL BUSINESS INVESTING IN AMERICA

February 8, 2009

Finance, Revenue and Bonding Committee
Room 3700, Legislative Office Building
Hartford, CT 06106
Phone: 860-240-0460

Members of the Committee:

This letter is submitted on behalf of the Organization for International Investment ("*OFII*") and comments on Connecticut's Proposed Combined Reporting Regulation (Raised Bill No. 807).

The Organization for International Investment ("OFII") is a trade association representing the interests of over 150 U.S. subsidiaries of companies based abroad. OFII is continually involved in various legislative and regulatory issues that may adversely affect the interests of these U.S. subsidiaries. Of note is the fact that these U.S. subsidiaries contribute significantly to the economies of both the United States and Connecticut. These companies have 'insourced' 5.3 million American workers. More than 104,000 of these workers are employed in the State of Connecticut. These employees represent over 7% of Connecticut's workforce, which is a strong indicator that Connecticut has been successful in recruiting international employers. A list of the members of OFII is attached as Annex A to this letter.

Comments on Connecticut Proposed Combined Reporting Legislation (Raised Bill No. 807)

The proposed combined reporting legislation (Raised Bill No. 807) requires a corporation to calculate its Connecticut net income on a combined basis with its affiliates if certain factors are satisfied. This provision could have a very serious impact on the ability of our members to effectively and efficiently invest in Connecticut because it makes debt financing and equity investment by non-U.S. affiliates substantially more expensive. Forcing the net income of non-US affiliates to be included within the Connecticut combined report, the Bill effectively denies Connecticut taxpayers the ability to deduct regular interest, royalty and other expenses incurred in the ordinary course of business. This has the unintended and undesirable effect, of making it *more* expensive for U.S. corporations to borrow or license technology from their corporate affiliate than from unrelated third parties, thus discouraging corporations from investing capital and creating jobs in Connecticut.

- This Bill potentially subjects a non-U.S. company with no Connecticut presence to Connecticut taxation.

- This Bill runs afoul of the taxing regime of nearly every other state, federal tax law, income tax treaties and the international norms of taxation.

- Corporations that are looking to expand in North America have many choices for locations. This Bill will have a material negative impact on how investors, including non-U.S. investors, perceive Connecticut and will make it very hard for companies to justify locating in Connecticut.

- Connecticut, like all taxing jurisdictions, is concerned about abusive, tax-motivated transactions and such transactions should be and can be challenged with appropriate measures that currently exist. This Bill penalizes legitimate arms-length business transactions.

- The Bill could significantly damage the reputation of Connecticut in the national and international business community. The unintended effect of this Bill would be reduced investment in Connecticut by international companies.

In addition, Raised Bill No. 807 does not take into account the significant administrative complexity and uncertainty that becomes a reality if such legislation is passed. Raised Bill No. 807 in its current form is overly broad and ambiguous. Some immediate identified shortcomings are as follows:

- It is unclear whether a corporation should be included in the Connecticut combined report.

- The Bill does not specifically define on what basis "gross income" is calculated. Is it on a GAAP basis, on an IFRS basis, pursuant to the tax laws of the foreign taxing jurisdiction of the principal place of business of the corporation or some other basis?

- The provision does not provide details as to the computation of gross income such as how and when currency exchange differences are to be taken into account.

Additionally, there are open questions regarding the test for combination.

- Is the test going to be done annually or some other time frame?

- Will a corporation be in the group one year and excluded in the following year?

    - Would there be a cost from ceasing to be a member of the group?

    - Would tax attributes go with the corporation in and out of the group?

These are just some examples of the uncertainty facing non-U.S. corporations. This uncertainty would create an unmanageable administrative complexity, both for Connecticut and for the corporation.

We believe that the Raised Bill No. 807 was introduced to curb tax planning abuses between related parties and was not intended to tax the arms-length business activities of related corporations. Connecticut already has statutes in place to combat these abuses. Combined reporting is not the solution. Additionally, at a time when Connecticut is seeking to bring business, investment and jobs into the State, this Bill will discourage investment in Connecticut and place it at a disadvantage compared to other States. Thus, we urge you to vote against Raised Bill No. 807.

Sincerely,

Nancy McLernon
President & CEO
Organization for International Investment

ORGANIZATION FOR INTERNATIONAL INVESTMENT
INTERNATIONAL BUSINESS INVESTING IN AMERICA

Members List

ABB Inc.
ACE INA Holdings, Inc.
AEGON USA
AgustaWestland Inc.
Ahold USA, Inc.
Airbus Americas, Inc.
Air Liquide America L.P.
Akzo Nobel Inc.
Alcatel-Lucent
Alcon Laboratories, Inc
Alfa Laval Inc.
Allianz of North America
AMEC Americas
APL Limited
AREVA, Inc.
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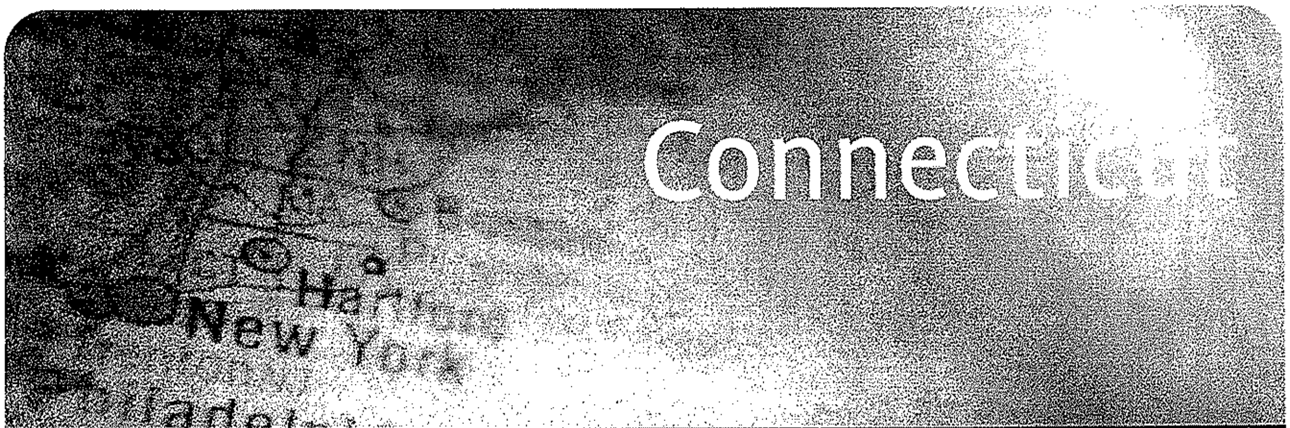
Astellas Pharma US, Inc.
AstraZeneca Pharmaceuticals
Babcock & Brown
BAE Systems North America
Barclays Capital
Barrick Goldstrike Mines, Inc.
BASF Corporation
BATIC, Inc.
Bayer Corporation
BIC
bioMérieux, Inc.
BNP Paribas
Boehringer Ingelheim Corporation
BOSCH
BP
Bridgestone Americas Holding, Inc.
British Airways
Brother International Corporation
Brunswick Group
BT Americas Inc.
Bunge Ltd.
Cadbury Schweppes
Case New Holland
CEMEX USA
Ciba Specialty Chemicals Corporation
Covidien
Lufthansa
Macquarie Holdings USA, Inc.
Maersk Inc.
McCain Foods USA
Michelin North America, Inc.
Miller Brewing Company
Mitsubishi Electric & Electronics USA, Inc.
Munich Re
National Grid
Nestlé USA, Inc.
Nokia, Inc.
Novartis Corporation
Novelis Inc.
Novo Nordisk Pharmaceuticals, Inc.
NTT DoCoMo
NXP Semiconductors
Oldcastle, Inc.
Panasonic/Matsushita Electric Corporation of America
Pearson Inc.
Pernod Ricard USA
Petrobras America Inc.
Philips Electronics North America Corp.
Randstad North America
Reed Elsevier Inc.
Reuters America, Inc.
Rexam Inc.
Rio Tinto America
Roche Finance USA Inc.
Rolls-Royce North America Inc.
SABIC Innovative Plastics
Saint-Gobain
sanofi-aventis U.S.
SAP America
Schlumberger Technology Corporation
Schott Corporation
Serono Inc.
SGL Carbon LLC
Shell Oil Company
Siemens Corporation
Smith & Nephew, Inc.
Sodexo
Solvay North America, Inc.

Credit Suisse First Boston LLC
Daiichi Sankyo, Inc.
Daimler
Dassault Falcon Jet Corp.
DENSO International
Deutsche Post World Net USA, Inc.
Deutsche Telekom
Diageo, Inc.
EADS, Inc.
Electricite de France International North America
Electrolux Home Products, Inc.
Enel North America
Ericsson
Evonik Degussa Corporation
Experian
Food Lion, LLC
France Telecom North America
Fuji Photo Film, Inc.
Garmin International, Inc.
Generali USA
Givaudan United States, Inc.
GKN America Corp.
GlaxoSmithKline
Hanson North America
Hitachi, Ltd.
Holcim (US) Inc.
Honda North America, Inc.
HSBC Bank USA
Huhtamaki
Hyundai Motor America
Inbev
Infineon Technologies
ING America Insurance Holdings Corp.
InterContinental Hotels Group
John Hancock Life Insurance Company
Lenovo
Linde North America, Inc.
Logitech Inc.
L'Oréal USA, Inc.
Louisiana Energy Service (LES)
Sony Corporation of America
Square D Company
Sterling Jewelers Inc.
SUEZ Energy North America, Inc.
Sumitomo Corporation of America
Sun Life Financial U.S.
Swiss Re America Holding Corporation
Syngenta Corporation
Takeda Pharmaceuticals North America, Inc.
Tate & Lyle North America, Inc.
Thales North America, Inc.
The Tata Group
The Nielsen Company (US), Inc.
The Thomson Corporation
ThyssenKrupp USA, Inc.
Tomkins Industries, Inc.
TOTAL Holdings USA, Inc.
Toyota Motor North America
Transurban
Tyco Electronics
Tyco International (US), Inc.
UBS Americas
Unilever .
Virgin Atlantic Airlines
Vodafone
Voith Paper Inc.
Volkswagen of America, Inc.
Volvo Group North America, Inc.
Wackenhut Corporation
Westfield LLC
Weston Foods, Inc.
White Mountains, Inc.
Wolters Kluwer U.S. Corporation
WPP Group USA, Inc.
XL America
Zausner Foods Corporation
Zurich Insurance



Facts to Know

INSOURCING JOBS IN AMERICA

Insourcing State Job Facts

- U.S. subsidiaries in Connecticut play a vital role in supporting jobs. They now employ 104,900 workers in Connecticut.
- Connecticut is an attractive location for international employers, ranking 17th in the United States in the number of employees supported by U.S. subsidiaries.
- In fact, the relative portion of jobs in Connecticut supplied by U.S. subsidiaries remains significant. They provide the livelihood for more than 7% of Connecticut's private-sector workforce.
- Connecticut is tied with South Carolina as 1st in the country in the share of its work-force supported by U.S. subsidiaries.

INSOURCING MANUFACTURING JOB FACTS

- U.S. subsidiaries support 26,300 manufacturing jobs in Connecticut. Manufacturing companies tend to have a strong "multiplier" effect on the economy—stimulating a substantial amount of activity and jobs in other sectors through their demand for inputs from other suppliers.
- Almost 14% of manufacturing jobs in Connecticut are supported by U.S. subsidiaries.
- U.S. subsidiaries' employment in Connecticut is heavily concentrated in manufacturing. More than 25% of these jobs are in manufacturing industries.

Insourcing National Job Facts

- U.S. subsidiaries consistently support millions of American jobs. They now employ 5.3 million Americans—or 4.5% of private sector employment.
- U.S. subsidiaries support an annual payroll of $364.2 billion.
- U.S. subsidiaries provide an average compensation per U.S. worker of $68,317; this is 32% percent higher than compensation at all U.S. companies.
- U.S. subsidiaries also spent $160 billion on plant construction and new equipment.
- U.S. subsidiaries' share of U.S. manufacturing employment represents 11 percent of American manufacturing jobs.

U.S. Subsidiaries

SIGNIFICANT EMPLOYERS IN THE STATE

ABB
ACE GROUP
AIR LIQUIDE
ALCATEL-LUCENT
ALLIANZ
AREVA INC.
ARKEMA INC.
BAE SYSTEMS, INC.
BAYER
BIC CORPORATION
BOEHRINGER INGELHEIM
BRIDGESTONE AMERICAS
COVIDIEN
DEUTSCHE TELEKOM
FUJI PHOTO FILM INC.
GKN AEROSPACE INC.
GLAXOSMITHKLINE
HONDA
HSBC
ING
NESTLÉ USA, INC.
OLDCASTLE INC.
PHILIPS
REED ELSEVIER
REXAM
SANOFI-AVENTIS U.S.
SIEMENS
SODEXHO
SWISS RE AMERICA HOLDING CORP.
THE NIELSEN COMPANY (US), INC.
THOMSON REUTERS
THULE, INC.
THYSSENKRUPP ELEVATOR CORPORATION
TYCO
UNILEVER
XL CAPITAL GROUP
ZURICH NORTH AMERICA

One Company's Story

VOLVO AERO, a U.S. subsidiary of Sweden-based Volvo, recently began construction on a 27,000-square foot expansion of their plant and office building in Newington, Connecticut and will be operational in 2008. Volvo purchased the company, formally known as Aero-craft, in 2004, and has since expanded the number of people working for the company from 30 to 60, with up to 40 more jobs being created once the expansion becomes fully operational.